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PHYSICAL VALUATION OF RAILROADS

THE development both of the theory and practice of physical valuation of public service corporations, and especially of railroads, has been very rapid during recent years in the United States. An outline of the state of affairs in 1907 by the author in this QUARTERLY,[1] while sound in the main so far as principles are concerned, is positively palæontological as to concrete data. What then seemed to be settled conclusions, now appear, retrospectively, to have been only dim foreshadowings of the actual thing. What was then mere experimentation has now become fairly scientific procedure. A former mere side-line of activity for the engineers and economists now affords a livelihood to hundreds of trained men. The physical valuation of quasi-public properties has become almost a profession apart. It is the aim of this paper to bring our earlier data for seven years ago down to the present. But in order to avoid repetition, much that is really fundamental must be taken for granted in order to leave room for that which is new.[2]

[1] Vol. xxii, pp. 577–610.

[2] The best authority is R. H. Whitten, Valuation of Public Service Corporations, 1912 (supplementary volume, 1914). Other references in Congressional Library lists, 1905 and 1909; as also *Proceedings American Society Civil Engineers*, August, 1913; H.V. Hayes, Public Utilities, 1913; O. L. Pond, A Treatise on the Law of Public Utilities etc., 1913; Bruce Wyman, Public Service Corporations, 1911, especially chap. xxxii. For economic, as distinct from engineering or legal analysis, chronologically, consult *Publications American Economic Association*, 1906, pp. 1–145; *idem*, series iii, xi, 1910, pp. 183–288; *Political Science Quarterly*, xxii, 1907, pp. 577–610 (by the author); *Yale Review*, 1908, pp. 366–399; Hearings on Railroad Rate Increases, 1910, 61st Congress, 3rd session, Sen. Doc. no. 725, 10 vols. (index); Report, Val-

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Physical inventories of private property of all kinds by governmental authority have long been taken at intervals for purposes of taxation. Occasionally also, in cases of demonstrated necessity, appraisals have been made either for direct purchase by the state under condemnation proceedings, or in order that takings may be had for certain public uses, such as railroad construction, under exercise of the right of eminent domain. Both of these forms of valuation for purchase have occurred under judicial authority and by "due process of law."[1] And now there have been added in recent years two other reasons for formal valuation of all property like railroads, affected with a public interest. The older of these, dating from the early seventies, as we shall see, has to do with the exercise of the power to regulate rates for common carriers. The other is even more recent. It is concerned with the regulation by the state of the issue of securities. Originally an outgrowth of rate supervision, such control of capitalization, as has been noted, is now recognized as fundamental for the assurance of safe and adequate service as well.[2] Whether the economic and legal principles governing valuation for all four of these more or less distinct purposes above enumerated are identical need not concern us at this time. It will suffice to point out that the rise of formal physical valuation has been gradual. There is nothing revolutionary in the idea. It has time-honored antecedents, notwithstanding the fact that the present aims differ so radically from those which actuated the state in first instance, and that such valuation is now entrusted to the administrative more largely than to the judicial arm of the government. The practice of valuation in itself can hardly be said to run counter to conservative sentiment, whatever may be true as to the purpose

uation Committee, National Association Railway Commissioners, Proceedings, 1911, p. 145 ff.; Discussion, *American Economic Review*, iv, supp. 1913, pp. 18–68; *Atlantic Monthly*, March, 1914, pp. 403–416.

[1] *Cf.* the Minnesota Rate Cases in 1890, seemingly reversing Munn *v.* Illinois, 94 U. S. 113; Public Service Gas Co. *v.* Board of Public Utility Com'rs, 87 Atl. 651; opinion of Justice Swayze at p. 659.

[2] State Regulation of Security Issues, by the author, in *American Economic Review*, iv, 1914, pp. 541–564.

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for which the valuation is to be used. Physical valuation by the government, then, is no novel experiment, fraught with vast and unknown possibilities of evil. Nor is the demand for it a sudden and portentous manifestation of socialism, threatening to overturn the institution of private property. After an initial period of panic at the idea, the railroads of the country have in fact come to perceive so many safeguards for their standard of rates, of income and of service, that the federal legislation of 1913, extending the scope of valuation from a few scattered commonwealths to cover the entire United States, encountered practically no opposition at all.

A special physical inventory of property of railroads for purposes of taxation began in Michigan in 1900 when some seven thousand miles of line were evaluated. Wisconsin followed suit in 1903. And then followed in order other states, still interested primarily in taxation questions: South Dakota in 1908, Nebraska and New Jersey in the following year, and Kansas in 1911. In each instance the state legislatures authorized the task neither with a view primarily to rate regulation nor the prevention of stock-watering, but in connection with the taxation of railroad corporations. The pressing demand for an equalization of tax burdens, as between the farmers with visible and tangible possessions alone and corporations with unknown and concealable assets and investments, lay at the root of the matter. It was only after the results were achieved and officially published that the people became aware of their significance in connection with other matters than taxation.

Regulation of the issue of railroad securities, rather than taxation, as an incentive to physical valuation first made its appearance in Texas—a true pioneer in this field. Since 1893 an inventory of practically all the lines within its borders has been made. As has already been pointed out,[1] the railroad commission appears to have pressed rather hard upon developmental or improvement work; but, in the main, the influence of this law upon capitalization seems to have been salutary. Texas,

[1] The experience is reviewed by the author in *American Economic Review*, iv, 1914, p. 556.

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then, is unique in having engaged in this work with reference primarily to railroad capitalization; although, latterly, several other commonwealths are working along the same line. Comparatively few states have attempted physical valuation in connection with rate regulation. Among the few which have, are notably Washington in 1905 and Minnesota two years later. This last instance, especially its later phases, is peculiarly illustrative of the intimate relationship between valuation and the control of rates.[1]

The legislature of Minnesota in 1907 enacted both a two-cent fare and a commodity rate law; and, upon appeal to the courts, an exhaustive inquiry was made by a master in chancery as to the reasonableness of the rates thus prescribed. Pending his decision—which by the way was adverse to the state—the railroad commission was ordered to make an official inventory. A number of novel points of detail were raised, especially as to the valuation of the right of way. The railroads contended for a proportionately higher value for real estate than for contiguous property, it being well known that the companies always have to pay more in first instance. And they insisted upon applying this "multiple", which happened to be three, not to the original cost of the land, but to its present worth. This in effect increased the "unearned increment" three times over and made a difference of over forty per cent in the valuation of the real estate. Whether the cost of reproduction, which was sought, should be $42,000 or $57,000 per mile, depended upon the solution of this and other allied questions. In any case the valuation was surprisingly high, in comparison with one hastily made by a special state senate committee two years earlier, giving only $27,000 per mile of line as the present value.[2] These Minnesota figures were markedly higher than those for the neighboring state of Wisconsin. Still higher valuations were allowed by the state of Washington in its first official returns, made in the same year. One of the novel features in this inquiry

[1] Known as the Sundberg Committee Report.

[2] Steenerson *v.* Great Northern Railway Company, 72 N. W. 713 (1897) and Shepard *v.* Northern Pacific Railway Company, 184 Fed. 765 (1911).

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was the attempt to ascertain from the records the original costs of construction, together with all subsequent outlay for betterments. Determination of the "market value" of the properties was attempted. Careful engineering study was made at the same time of all present costs of construction, in the hope of ascertaining a "unit cost" of reproduction which could be supplemented from year to year.[1]

Appraisal of the physical assets of a number of individual roads, not by public authority but entirely at their own initiative and expense, has been made in recent years. The purpose is not always clear. Sometimes it has been done in order to establish a new benchmark for property investment on the balance sheet; sometimes, as by the New Haven railroad, in a vain attempt to justify an overloaded capitalization; sometimes in connection with public agitation over rates; and, quite commonly of late, parallel with and as a check upon the work of state and federal railroad commissions. There has been a decided shift on the part of the carriers from an attitude of hostility and apprehension toward valuation to one of approval and support. And a number of strong companies have set about putting themselves in an impregnable position as respects future rate regulation by undertaking this work on their own account. The New Haven, prior to its downfall, made great use in an advertising way both of its own private inventory and of the official returns of the so-called Massachusetts Validation Board of 1910. Among other instances, one notes the Lehigh Valley appraisal of 1903 and that of the Lackawanna in 1911.[2] The state of public opinion toward the anthracite coal roads has undoubtedly influenced these companies in undergoing the expense of such an investigation. Under federal valuation now in process the hearty coöperation of the roads with the government promises to furnish a large body of data independent of the official reports. Students of the subject will find many of the results of these private appraisals in the official reports on

[1] The results are set forth on p. 577.

[2] The Canadian Pacific, from Montreal to Detroit, and the Harriman lines have also made physical valuations; but the data are not available.

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valuation of such states as Nebraska, Kansas, Wisconsin and New Jersey.

The culmination of the movement in favor of railroad appraisal was the enactment by Congress in 1913 of a federal valuation law. This was a logical sequence of the preceding legislation on the general subject of rate regulation.[1] The matter had by this time risen above the plane of partisan politics; although the Democratic national convention was the only one specifically to recommend both valuation and the control of railroad security issues. Credit for this legislation, however, undoubtedly belongs to the Progressive party and, particularly, to Senator La Follette of Wisconsin.[2] Democratic and Republican members of Congress without distinction soon joined hands in favoring the movement, which was also urged by the Interstate Commerce Commission. Favorably reported in 1912, the bill became a law in the following year. Recognizing the then chaotic judicial and administrative status of the question, as will shortly be pointed out, Congress wisely refrained from prescribing any particular plan. All alike were comprehended. Both the conflicting decisions of the courts and the divergent practice of state commissions rendered this the only expedient course. The law directed the Interstate Commerce Commission to proceed at once to ascertain the following items: original cost to date; the cost of reproduction, new; replacement cost less depreciation; and, separately, all other elements of value, if any; together with an apportionment of these items as between the different states, and an analysis of the methods by which the several costs were obtained. The amount and value of donations of cash or lands were called for specifically. The provisions of the statute were thus sufficiently broad to comprehend all possible elements of worth. Moreover, the ascertained amount of the investment was subsequently to be kept up to date by periodic revision and correction, covering all extensions and improvements. The law also called for active co-

[1] The history is given in Railroads: Rates and Regulation, chap. xiii *et seq.*

[2] His elaborate speech of April 19, 1906 (*Congressional Record*, xl, p. 5993 ff.), marks the beginning of the movement. *Cf.* his Autobiography for details.

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operation of the carriers in the way of affording access to all records; and it defined a procedure for appeal to the courts in case of any controversy either over method or administration. On the whole, the magnitude of this task greatly increased with the elaboration of the plan. The probable cost to the government alone, at first relatively small, is now estimated to be possibly as high as $20,000,000. Organization and active prosecution of the work took place promptly.[1] The country was divided into five districts, comprising approximately 50,000 miles of main line each. Charge of the work was assumed by one of the ablest and most experienced members of the commission, Hon. Charles A. Prouty, who resigned in order to devote his entire time to the matter. It would lead too far astray to describe the details of this work. It is a colossal task. If we bear in mind, not only that every title, record, blueprint, specification and contract since the beginning must be overhauled, but also that roadway and track parties must inventory and measure every structure, cut, and fill, taking cross-section measurements and checking depths by test pits, even calipering the rails for measurement of wear, some notion may be had both of the time and the expense involved. Will it be worth the cost? Assuming that a prime purpose is to ascertain the amount upon which the public should be required to pay returns, suppose that the valuation should alter this basis by only five per cent. At a rough guess of $20,000,000,000 as the total value of the railroad properties, such a change would amount to one billion dollars. An annual six-per-cent return upon this sum would be $60,000,000. The difference, consequently, either to the public or the carriers for a single year, might well equal three to five times the entire first cost of the undertaking. And then, quite aside from any consideration either of cost or specific utility, the political importance of the task as affecting the state of the public mind toward common carriers quite transcends calculation.

In many states, local and private inventories of public utilities other than railroads have been made in recent years, such, for

[1] Details in *Railway Age Gazette*, lvi, 1914, p. 1530.

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example, as those of the St. Louis street railways[1] and the Chicago Telephone Company in 1912 by public authority; and of the New England Telephone Company and of many gas, electric light and water properties, semi-privately, all over the United States.[2] It would be interesting to develop the economic principles involved in all of these outlying fields, as affording a background for the special treatment of railroad valuation, did space permit; although a different economic status places railroads in a class by themselves.

I

The positive results of the valuation of railroad properties which have been made are exhibited in the accompanying table[3], figures being reduced to the uniform basis of miles of line or roadway. Examination of this data reveals a surprising range as between the different states. Due allowance must be made, of course, for such physical differences as those of rugged and flat country; for density of population and traffic, affecting costliness of terminals, grade crossings and single or double tracks; for temperament or bias, influencing official judgments; for the purpose in hand, whether of taxation, rate regulation or what not; and particularly for technique in making the appraisal, as will be described shortly. How important this last consideration may be, appears in the two sets of results for Minnesota according as the right of way is valued higher than adjoining land for railroad purposes, or is taken at the average figure for the entire district. Details of this sort, notably the hand-

[1] By the St. Louis Public Service Commission, now merged in that of the state of Missouri.

[2] Examination of Whitten will show how widespread these activities are. Pond, *op. cit.*, confines attention entirely to local public utilities.

[3] Statistical data are derived from official federal and state reports. The full titles of these to 1912 will be found in the bibliography in Whitten, *op. cit.* Later results included herewith are in part taken from Bulletin, Bureau of Railway Economics, Washington, 1911; New Jersey Tax Commission, Report on Revaluation of Railroads and Canals, 1911; Nebraska Railway Commission Report, 1911–14; Kansas Utilities Commission Report, 1913. Washington is well reviewed in *Journal of Political Economy*, xxi, 1913, pp. 332–344; New Jersey in *Railway Age Gazette*, liii, 1912, p. 243; and Nebraska in *ibid.*, lvi, 1914, p. 275.

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RESULTS OF VALUATION PER MILE OF LINE

	NATURE OF VALUATION	CAPITALIZATION, PAR	COMMERCIAL (MARKET) VALUATION	PHYSICAL VALUATION		TOTAL PRESENT VALUATION (DUPLICATION LESS DEPRECIATION PLUS INTANGIBLES)
				REPRODUCTION, NEW	PRESENT VALUE DUPLICATION LESS DEPRECIATION	
United States	Commercial	1900, $60,600	1900, $43,200 1904, 52,600			
Texas	Capitalization	1894–6, 40,800 1905–9, 32,000	. . . . .	. . . . .	1894–6, $16,000 1905–9, 22,200	1908, $31,800[1]
Michigan	Taxation	1900, 37,300 1907, 42,900	. . . . .	1900, $26,000	1900, 21,300 1907, 24,500	
Ohio	Taxation	. . . . .	1903, 75,000			
Wisconsin	Taxation and rates.	1909, 44,200	. . . . .	1903, 30,900 1909, 41,800	1903, 25,500 1909, 33,900	
Washington	Rates.	1905, 53,300	1905, 64,875	1905, 64,300	1905, 58,300	
Minnesota	Rates.	1907, 39,500	. . . . .	54,200[2] 49,200[3]	47,500[2] 42,500[3]	
South Dakota	Taxation	1909, 35,100	. . . . .	1909, 26,900	1909, 23,200	
Nebraska	Rates.	. . . . .	. . . . .	1909, 48,000	1909, 41,000	
New Jersey	Taxation	1909–11, 174,500	. . . . .	175,000[4]	. . . . .	1909–11, 167,600
Kansas	. . . . .	. . . . .	. . . . .	1911, 37,200	1911, 27,500	

[1] For taxation.

[2] Land at plus value, 1907.

[3] Land at average value only, 1907.

[4] 1909–11.

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ling of depreciation or of going value, profoundly affect the total.[1] It is but natural, therefore, in view of these circumstances that the results, even as between states similarly circumstanced, should differ widely from one another. Take the present structural value for example. Texas finds it to be $22,000 per mile of line in 1905. From this level, not unlike Michigan and South Dakota, one traces an ascending series in the following order, through Wisconsin and Nebraska, up to Washington at $58,300. New Jersey at $167,000 stands apart, not only because differently circumstanced physically, but also because an element of intangible value is included in the returns. But it is less easy to show why Minnesota should value her railroads almost twice as high as do Texas, Michigan or South Dakota. Turning from present physical value to reproduction cost, new, one finds somewhat greater uniformity, the varying treatment of depreciation being eliminated. Yet even here the range is wide; and all sorts of incongruities appear. The figures for capitalization per mile of line afford somewhat greater satisfaction to the seeker for uniformity; but caution is advised, because of the purely arbitrary rules for apportionment as between the states. One seems to detect a normal level of about $40,000—with a range from $35,000 in South Dakota to $53,000 in Washington. New Jersey once more stands in a class by itself. In fine, the first impression of disagreement as to results, derived from inspection of this data, is discreditable to the whole procedure.

Comparison of the different elements in the problem with one another within each state standing by itself, rather than as between states, are slightly more reassuring. However widely the different inventories may range in interstate comparisons, the margins between physical and commercial valuations made by the same authorities check up more or less roughly one with

[1] Much depends upon the way in which allocation is made between states, whether according to miles of line, of track, of units of traffic or equipment, or even perhaps, with special distribution of capitalization and values for terminals. New Jersey assigned $10,000,000 for the Pennsylvania, for example, to lines west of Pittsburg. *Cf. Railway Age Gazette*, lvii, 1914, p. 17, and 22 Interstate Commerce Commission Reports 616, for soft coal rates; as also Ripley, Railway Problems (rev. ed.), p. 732.

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another; that is to say, a certain relativity between the different items along the same line in the table seems roughly to obtain. But even here the differences are either referable to the particular method of valuation employed, or else require interpretation in the light of physical and social conditions. It is evident that such piecemeal valuation, state by state, each according to its own special plan, leads to confusion worse confounded. If the work is to be done with at all satisfactory results, so far as interstate comparisons are concerned, it must evidently be performed by the federal government according to a uniform plan.[1]

The most important general conclusion to be drawn from the foregoing data has to do with the relation between physical valuation and capitalization. The returns in this respect are, with substantial unanimity, in favor of the contention of the carriers that their outstanding issues of stocks and bonds at the present day are fairly represented by the worth of their physical properties. For five states taken together,[2] the physical valuation, new, is $142,000,000 in excess of the outstanding securities at par—depreciation, it is assumed, about offsetting their extra value as going concerns.[3] Turning to our table for comparison of security issues with present physical value, state by state, the evidence is conclusive that over-capitalization does not exist, but that, on the contrary, there is a comfortable margin of real value over and above the amount of outstanding stocks and bonds. This is, for example, evinced in Minnesota where the average capitalization is $39,500 per mile, as against a considerably greater present value, even where the right of way is most conservatively appraised. New Jersey returns $174,500 capitalization at par against practically the same figure for reproduc-

[1] The so-called New Haven Validation Report of 1910 was perhaps the first one to comprehend an entire railroad system, without regard to state lines.

[2] Minnesota, South Dakota, Wisconsin, Texas and Washington. Another combination, including Michigan and omitting Texas, gives a combined net capitalization of $1,211,000,000 as against reproduction cost, new, of $1,212,000,000, and present value of $1,035,000,000, with no allowance for going value. *Atlantic Monthly*, 1914, p. 412.

[3] P. 597, *infra*.

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tion, new. Present worth is found to be $167,600.[1] Washington, Wisconsin and even Texas present a similiar substantial equality between capital liabilities and assets, depreciation being considered as an equivalent for going value, as above stated. For Washington, where market valuation was sought, it was found that the commercial inventory was considerably in excess of present worth. Wisconsin and Michigan, to be sure, return a capitalization at par somewhat greater than present replacement value; but this is far more than counterbalanced by the omission of the intangible worth attaching to a going concern.[2] The case of the New Haven appraisal of 1910[3] is peculiar, not alone in purpose but in method. But the reported excess of

[1] The surplus in favor of some individual roads, such as the Pennsylvania and the Lackawanna, and even the Erie, is large. The Reading and the Lehigh Valley evince substantial equality; but these all include large coal properties. *Railway Age Gazette*, liii, 1912, p. 244:—

PER MILE OF ROAD.

	Present physical value.*	Intangible value. (Going concern.)	Per cent intangible to physical value.	Capitalization.
New Jersey:				
Penn. R. R.	$158,000	$27,600	17	$137,600
Reading	68,400	21,000	31	67,800
Erie	195,600	22,100	11	136,500
Lackawanna	285,900	54,400	19	260,000
Lehigh Valley	310,300	58,700	18	315,200
All roads	$167,600	$34,300	20	$174,500
Nebraska:				
Chic. Northwestern. . .	32,450 (land =)†			
South Dakota:				
Chic. Northwestern. . .	23,570 (land 250%)*			
Kansas:				
Union Pacific	27,500			
Washington:				
Northern Pacific	104,000			
Great Northern.	70,500			

* Apparently value new, less depreciation, plus intangible value or going value.

† Symbol for equality.

[2] P. 597, *infra*.

[3] Reprinted in *The Railway Library*, Chicago, 1911.

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assets over capitalization, amounting to $101,600,000 is not without significance. On the whole, therefore, it is indisputable that the hoary-headed bogie of an immense over-capitalization of American railroads is laid at rest by the results of these official investigations. Whatever the condition may have been in the last century, there can be no doubt that the growth of the country has in most cases more than expunged the water; and that at the present time a substantial equity over and above the capital liabilities exists. This happy outcome of physical valuation, so far as it has progressed to date, explains the marked change of attitude of the carriers toward the whole proposition for an official inventory by the federal government. It confirms the conclusion, already reached from another point of view,[1] that on the whole the average rate of return upon the existing net capitalization is modest enough. It is certainly not more than fair in amount. That it does not exceed five per cent at the present time seems to be well established. The withdrawal of capitalization from the center of the political stage in favor of physical valuation as a positive scientific standard of judgment, is matter for congratulation on all sides.

II

The settled legal standard of rate reasonableness, sole and controlling in the lower courts and predominant, although still embryonic, in the Supreme Court according to the foregoing review[2] being present value, that is to say, "value at the time it is being used for the public", is it too late to suggest any revision of our ideas upon the subject? Congress, as we have already seen, has wisely directed that the valuation now under way shall include all possible data, present as well as historic. It has thus provided for the contingency of a shift of base by the courts. May we not also contribute to that end by reviewing one by one the several standards from a purely economic

[1] *Railway Age Gazette*, October 28, 1910.

[2] The development of the legal aspect of the matter in our earlier paper of 1907, will be amplified and brought down to date in Railroads: Finance and Organization, now in preparation.

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standpoint? For unless economics and law are in entire accord, experience proves that real progress may not be anticipated. For the purpose of this economic analysis, four distinct bases of rate reasonableness will be examined. These, owing to the interblending of fair returns and fair worth of property, correspond to four schemes of physical valuation. They are:

1. Original or actual cost.
2. Reproduction cost, new.
3. Present value—replacement cost, less depreciation.
4. Market value, based upon earning power.

Actual cost of property,[1] that is to say original construction plus additions and betterments, despite its insecure legal footing, seems to be not only the most natural but in many respects the fairest single basis for the determination of reasonableness of rates. It has been neglected in part because of the inchoate condition of accounting principles and practice, and in part because of misunderstanding by laymen of such sound distinctions between capital and income as were well recognized among experts. Great confusion is everywhere apparent as to what the term implies. "Book value," or cost of property, as we have already seen, seldom represents anything even approximating to the facts. The meagerness of corporate records, either because of carelessness or bad faith,[2] is indeed a severely practical objection; and yet experience has already shown that original cost can be unearthed. The most substantial attempt

[1] This is practically the "continuous property" or Antigo theory of Wisconsin, 3 Wisconsin R.C.R. 623; the historical method under the principal and agent theory of public regulation of J. H. Gray, *Economic Review*, iv, supp. 1914, pp. 26 and 51, and of E. W. Bemis, Proceedings National Association Railway Commissioners, 1913; of normal actual cost of Whitten, Valuation etc., pp. 82–101, and also *Harvard Law Review*, xxvii, pp. 5–23; and of the St. Louis Public Service Commission and that of New Hampshire; *Quarterly Journal of Economics*, xxviii, 1914, p. 271. It is not the so-called original cost theory of the engineers; Hayes, Public Utilities, 1913, and *Quarterly Journal of Economics*, xxvii, 1913, pp. 616–629; or Allison, *idem*, xxvii, 1912, p. 30; who merely mean original cost of *existing* units of property, not actual outlay considered historically.

[2] *Cf. Railway Age Gazette*, 1909, p. 220; and, for example, Sixth Annual Report Nebraska Railroad Commission, 1913, p. 201; also 31 Interstate Commerce Commission Reports, p. 365.

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along this line is the inventory made by the Washington Railroad Commission in 1905, where it appeared that the actual investment was obtainable for practically all of the property. How different this is from the accepted legal standard of fair present value appears from this data. The original cost of the Northern Pacific plus improvements was appraised at $75,500,000, as against a cost of reproduction, new, of $103,600,000. Much of this difference was due to the appreciation in land values, particularly of terminal properties. But whether or not the substitution of this standard of actual cost for the one generally sanctioned by the courts will inure to the advantage of the carriers is of course quite immaterial,[1] depending probably, as in this case, upon the basis of valuation applied to real estate. The predilection of the law for present value without distinction as to land, even to the absurd extent of holding original cost to be "totally irrelevant,"[2] flows, as we have already seen, from the long-standing legal practice. The tendency to break away from this tradition and to regard donated lands, or lands whose market value has arisen from the growth of the community, differently, is of comparatively recent date. It cannot be denied that the original-cost theory possesses strong attractions for those who hold that the public as a whole, and not individual members of it, should profit by the unearned increment in land.[3]

A number of details have to be carefully analyzed prior to the acceptance of original cost as the foundation for valuation. Heavy outlays experimentally, that is to say, what are called development costs, are apt to be swallowed up in the accounts with the lapse of time.[4] This is particularly true of destruction or abandonment by act of God or man.[5] The recently constructed San Pedro, Los Angeles and Salt Lake was, for example,

[1] Sometimes it works the other way, as in Texas, 1894, with original cost $40,000,000 and replacement cost only $25,000,000. This will depend upon the movement of prices for commodities in general also.

[2] 13 *Columbia Law Review*, p. 567.

[3] See p. 585, *infra*, on treatment of land values.

[4] On the different methods of treating development experience, *vide*, p. 598, *infra*.

[5] Functional depreciation etc., *cf.* p. 591, *infra*. See also Statistics of Railways, Interstate Commerce Commission Reports, 1907, and Whitten, Valuation, p. 37.

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washed out three times by floods, each time being rebuilt at great expense, in the search for a really safe location. Great difficulty in theory arises also from past expenditures, probably capitalized, as a result of incompetence, recklessness and dishonesty.[1] One must surely reckon with certain risks; but the public can scarcely be expected to pay returns upon a basis comprehensive enough to include much of this sort of expense. It is equally difficult to reckon with a too provident administration of the property. Considerations suggested in the second San Diego land case are equally applicable to railroads which have intrenched themselves against all future demands for service by an investment greatly in excess of the needs of the present time. The American people seem destined to pay carrying charges to the Reading Company on indebtedness incurred in order to monopolize the anthracite coal supplies of the future; but this exceptional case certainly need not be duplicated with other properties concerned solely with transportation. After reckoning with the foregoing factors, none of them more difficult, theoretically, than those attached to the other standards of valuation, there is the great advantage inherent in actual or original cost that it eliminates or minimizes, through compensation, the changes of valuation arising from fluctuations in the level of prices in general.[2] During the generation to 1900, the steady fall in commodity prices worked disadvantageously to the railroads in any appraisal of property. The greater the fall in unit costs, the narrower the basis upon which they might claim a return in rates. Since that time the equally marked enhancement of prices enables them by means of an up-to-date inventory to justify heavier charges for service rendered. In either case, so far as property long ago acquired is concerned, this change in the rate basis has been merely fortuitous, totally disconnected with the matter in hand. It would certainly appear more equitable that the rights and obligations of the companies should rest upon the amount of the

[1] "Teazers," for example, in the Texas experience; Ripley, Railway Problems, rev. ed., p. 337.

[2] *Cf.* the Steenerson case, *cit. sup.*

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investment honestly and fairly, that is to say, "actually created and placed in the public service."[1] Should not this theoretical advantage go far to offset the practical difficulties which are so largely responsible for the neglect of this standard of reasonableness? In conclusion, one warning, however, needs to be set up. A number of elements of value, soon to be discussed, notably costs of development, may find place either in a scheme based upon original investment, or as intangibles under the plan based upon reproduction cost. They should not be twice included; neither should they appear both in the valuation basis and in the rate of return allowed. The choice of original cost as a basis automatically takes care of a number of elements which under the other plan deserve inclusion as "remaining property."[2] Moreover, even the appearance of a guarantee of the investment by the public must be scrupulously avoided. Permitting the capitalization of early deficits or losses by a subsequent replacement policy may all too readily bring about this result. With these qualifications in mind, cordial assent may be given to the able opinion of the Interstate Commerce Commission in the Western Rate Advance case of 1911.[3]

Perhaps the nearest approximation to a fair standard is that of *bona fide* investment—the sacrifice made by the owners of the property—considering as part of the investment any shortage of return that there may be in the early years of the enterprise. Upon this, taking the life history of the road through a number of years, its promoters are entitled to a reasonable return. This, however, is manifestly limited; for a return should not be given upon wastefulness, mismanagement, or poor judgment, and always there is present the restriction that no more than a reasonable rate shall be charged.

The treatment of land values most sharply differentiates ac-

[1] St. Louis Public Service Commission, 1912; report on the United Railways Company.

[2] *Cf.* Whitten, Valuation, pp. 566 and 708. And then, too, an allowance of going value or developmental costs must reckon with the capitalization of these in the hands of later owners as distinct from those who assumed the original risks.

[3] 20 Interstate Commerce Commission Report, 307. *Cf.* also the Minnesota Rate Cases; Ripley, Railway Problems, rev. ed., p. 699.

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tual from replacement cost as a standard of valuation. Real estate appraisals are peculiarly important for railroads, such property not infrequently aggregating as much as one-fourth of its entire possessions. Among concrete instances of the prominence of real-estate values, that of the Illinois Central well serves to illustrate the rôle of the unearned increment of land in railroad finance. Carried at only $200,000 on the books—such being the original entry—the real estate of the Illinois Central was appraised at $34,000,000 in 1900. Now land, thus forming so large a proportion of assets, is set off from other forms of property by three characteristics. In the first place, with the growth of population it commonly tends to appreciate steadily in value. Most other property declines in value with the passage of time. Secondly, for the United States in particular, much of the railroad land has been donated by the public in aid of construction. But thirdly, it should be noted, such land as has been purchased even under exercise of the right of eminent domain has actually cost in most instances anywhere from one and one-half to ten times as much as ordinary real estate on the average in the same environment. From these circumstances arise a number of puzzling questions. Should the unearned increment be included in physical valuation or not? Ought public land grants to be excluded from such appraisal? Is a distinction between lands now in use and those held for investment or future development called for by sound public policy? Shall real estate, if appraised at present value, take cognizance of the extra cost to the carriers by reason of severance or other damages? Space will not permit of adequate treatment of these significant economic and ethical questions; but certain tendencies may be noted.

Two opposing bodies of opinion respecting land values are discernible. One maintains that railways as common carriers in the enjoyment of valuable privileges are not entitled to the unearned increment, not even for land actually purchased, much less when donated outright. Original cost is upheld as the only proper basis for appraisal, in the belief that any departure from such a policy would result in steadily increasing rate burdens, arising largely from the activities and even the very gen-

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erosity of the public itself. Such is the theory of the radical legislator and of some economists.[1] The opposite view is that, inasmuch as all lands are held under recognized proprietary rights, a return upon their full commercial worth is as justifiable for land as for any other form of possession, the state making no distinction as respects either taxation or rates for service. This latter opinion is commonly buttressed by judicial decisions.[2] It is the time-honored practice of the law. Probably the most detailed consideration of the matter is given in the Minnesota Rate Cases of 1913 by the Supreme Court of the United States. It was there ruled that the present value of land, and not its actual or original cost, was to be the basis of appraisal for rate-making. Not even the qualification suggested in Willcox *v.* Consolidated Gas Company was repeated, whereby an excessive increment of land values was to constitute an exception to the general rule.[3] But there was express disapproval of the use of "multipliers" as used for real-estate appraisal. It was held that a "public utility factor," assigning a special worth to a right of way as used for transportation, resulted in giving the carrier more than its share of the increment of land values—thus being against public policy.[4] Whether the Supreme Court made this concession because of insufficient evidence presented by the railways, or because it was believed to be fundamentally sound reasoning, we need not stop to consider. In effect this decision is in line with tendencies in the different states. The New Jersey valuation was peculiarly hampered by an old statute which forbade any special appraisal of land according to use; but the commission indirectly recognized such a special worth

[1] Senator La Follette of Wisconsin, J. H. Gray, *cit. sup.*

[2] Notable ones are the New York 80-Cent Gas case (Willcox *v.* Consolidated Gas Company, 212 U. S. 19; and the Minnesota Rate Cases). Whitten, Valuation etc., chap. vi; Michigan, Washington, Wisconsin, Nebraska and South Dakota all recognize it administratively through their expert commissions.

[3] The suggested substitution for present land value of the worth of other land equally serviceable for the public also failed of consideration.

[4] The significance of multipliers is well shown in the Nebraska reports which give two complete sets of returns, with or without multipliers respectively. Most states allow anywhere from two to three times the average taxable value of surrounding real estate.

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by its allowance for intangibles. The practice of the New York commissions is peculiarly instructive, as affording recognition of the rights of both parties, while still in effect limiting the almost inevitable appreciation of assets with the growth of the community. This result is obtained by indirection through the treatment of appreciation as capital, rather than as income. It is required to be entered on the accounts, periodically, as profit. All depreciation is likewise charged against income as a loss. It would seem to have been more logical and direct to have held to original cost, but for some reason this was not done.[1] Another way of conceding the public's interest would be to fix a lower maximum in the rate of return allowed upon land values than upon other forms of property, making the distinction in the rate rather than the principal. Some qualification is certainly necessary, especially for undeveloped possessions. Washington omitted $15,000,000 outright for unused land holdings; and Nebraska ignored one-half of its railway lands, thus held. However accomplished, the rôle of land values in rate-making, if not eliminated, ought certainly to be minimized. Neither the ups nor downs of real estate have any connection with the conduct of the transportation business. An element of uncertainty is introduced, sometimes, as in Wisconsin, for consistency's sake by requiring a reduction of public utility rates because of a decrease in land values. The

[1] The following excerpt from Whitten, Valuation, p. 121, describes the practice:

"Thus, land has been taken at its fair value and not at its original cost, and the annual appreciation of land has been treated as a profit. By this method, all property is treated absolutely alike, as Judge Hough suggests. No difference is made, except that as depreciation represents a decrease in assets, it is placed as a *debit* against operation, while appreciation is placed as *credit* because it is an increase in assets. Land has sometimes been treated like other property only to a degree; that is, each class has been appraised at its present worth or value. That has been done in this case. But if property is to be taken at its *depreciated* value where it has depreciated, an entry must regularly be made in estimated operating expenses equal to the average annual depreciation. Conversely, if land, or any other property which genuinely appreciates in value, is to be taken at its *appreciated* value, then an entry must be made in the estimated receipts equal to the average annual appreciation. Unless this is done, it is obvious that the consumer will be burdened with all the estimated decreases in assets but not credited with the increases in assets. If the principle laid down by the courts is to be followed in part, it should be followed in whole."

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only fair criterion should be the actual investment or sacrifice on the part of the owners of the enterprise. Emphasis laid upon extraneous and fortuitous factors, as at present, is contrary to the public welfare.

Cost of reproduction, new,[1] as a basis for rate adjudication, is identical at the outset of the enterprise with actual or original investment. The two standards separate with the lapse of time, extraneous elements such as changes of price level obtruding themselves. The fundamental objection to this standard is best stated in the two most striking applications made of it by the authorities in Minnesota in 1897 and 1911 respectively. The facts of the first case[2] were briefly as follows. The original lines of the Great Northern Railway were sold under foreclosure in 1879 at a price far below the real value. A new company operated the properties until 1890, when they were all leased to the present company upon guarantees of interest and dividends. The supreme court of Minnesota, on appeal proceedings, declined to consider either the purchase price under foreclosure or the effect of subsequent financing; and decided that reasonable rates were to be determined "by ascertaining what, under all the circumstances, is a reasonable income on the cost of reproducing the road at the present time." An official inquiry thereupon established the cost of replacement as well as the rate of return to be allowed. This proceeding took place in the trough of the industrial depression of 1897. Fourteen years later, at almost the crest of a wave of prosperity, the same operation was repeated with a revised standard of reproduction cost, new, based upon values in 1911.[3] It is not exaggerating to assert that the replacement costs, new, for each of these two dates fourteen years apart, differed absolutely by almost one-third. Unfortunately the Supreme Court of the United States in the Minnesota Rate Cases, although expressly disallowing replacement cost for real estate, did not extend its

[1] *Cf. Quarterly Journal of Economics*, xxvii, 1912, p. 37; *idem*, xxviii, 1913, p. 616; Whitten, Valuation, chap. iv; Proceedings American Society Civil Engineers, September and October, 1913.

[2] Steenerson *v.* Great Northern Railway Company, 72 N. W. 713.

[3] The Minnesota Rate Cases, Shepard *v.* Northern Pacific *cit. sup.*, 184 Fed. 765.

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opinion to review the principle as applied to other forms of property. But it repeatedly indulged in the phrases "mere conjecture" and "mere speculation" as applied to the matter in hand. The following is quoted from the opinion of the court:[1]

> Moreover, it is manifest that an attempt to estimate what would be the actual cost of acquiring the right of way if the railroad were not there is to indulge in mere speculation. The railroad has long been established; to it have been linked the activities of agriculture, industry, and trade. Communities have long been dependent upon its service, and their growth and development have been conditioned upon the facilities it has provided. The uses of property in the communities which it serves are to a large degree determined by it. The values of property along its line largely depend upon its existence. It is an integral part of the communal life. The assumption of its non-existence, and at the same time that the values that rest upon it remain unchanged, is impossible and cannot be entertained.

A quotation from economic sources fits in well at this point.[2]

> The "reproduction theory" contemplates an imaginary community in which an imaginary corporation makes imaginary estimates of the cost of an imaginary railroad . . . . The actual, efficient sacrifice of the investor, as revealed in accounting and other historical studies, supplemented by engineering advice as to the adaptability and present condition of properties for the purpose intended, will count far more than the estimates of engineers as to what it will cost to buy land that will never be bought again, to duplicate property that will never have to be duplicated, and to build up a business that will never again have to be developed.

After the respectable interment of the unadulterated doctrine of reproduction, new, by the Supreme Court of the United States, the persistent advocacy of this interpretation of "fair value" elsewhere is the only excuse for our further attention to it.[3] It still exercises an undue influence upon men's minds,

[1] Reprint in Ripley, Railway Problems, rev. ed., p. 697.

[2] E. W. Bemis, Proceedings National Association Railway Commissioners, 1913.

[3] Whitten, Valuation, chap. xviii, gives decisions of lower courts and commissions.

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tending constantly to become the sole or controlling standard. The fundamental economic objections are its instability and utter lack of relation to the real sacrifice made by investors in creating the property. It may not, however, be consigned to the limbo of rejected doctrines without citing an ingenious economic defence.[1] This is to the effect that the essential feature of valuation is the reproduction, not of the property but of the service rendered. All physical units except land having a definite life term, waste and wear year by year up to a certain point, say fifty per cent of the first cost. After this point, if currently maintained, no further depreciation takes place. Such, it is alleged, becomes the status of most physical property after a few years of operation. And yet the plant at this "normal level" may for all practical purposes serve the public just as well as an entirely new one. A corporation, therefore, having taken care of its depreciation up to this point midway between brand-newness and utter decrepitude by the establishment of equivalent reserves, should be allowed reasonable returns upon the sum of these reserves and the existing structural value. In other words, the property is virtually as good as new and is entitled to fair returns upon what it would cost to replace it outright. This interesting argument is defective, if at all, in failing to dovetail into sound accounting practice in the matters of surplus, sinking funds and replacement. It has less significance for railroads than for other public service companies, particularly because the element of real estate, owned in fee and not merely enjoyed in use, dwarfs everything else by reason of its magnitude.

Present value, the third of our feasible standards, differs from replacement cost, new; first in the deduction of an allowance for the wear and tear of the plant from use, natural decay and deterioration under the action of the elements; and secondly, through such appreciation in value as may arise from trying out of the plant or its adjustment of parts—called by engineers

[1] J. E. Allison in reports to the St. Louis Public Service Commission, 1912 and 1913; and *Quarterly Journal of Economics*, xxvii, 1912, p. 27. *Cf.* Floy, Valuation, 1912; and *Railway Age Gazette*, liv, 1913, p. 1535.

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adaptation or solidification.[1] The importance of the second factor is less generally appreciated than of that associated with age and wear. A railroad always passes through an initial period subsequent to actual construction, when numerous imperfections come to light and many readjustments have to be made. Current outlay is consequently heavier than under normal maintenance. Whether such expenditures are properly chargeable to construction or operation is, perhaps, debatable; but, however it may be treated in the accounts, it is obvious that with the passage of time a positive value has been added to the property. Although by no means inconsiderable, these plus factors will probably seldom offset the minus ones due to depreciation. The Supreme Court of the United States in its latest discussion of reasonableness in the Minnesota Rate Cases, distinctly declined to approve of such disposition of the matter, declaring that the precise extent of existing depreciation should be shown and deducted, as otherwise the physical valuation would be "manifestly incomplete."[2] It would take us too far afield to attempt a review of technical matters of this sort. The practice of the state commissions has generally been to make a deduction for depreciation. The other factors have been variously handled. Washington is most liberal. Michigan and Wisconsin deduct for depreciation, but allow nothing for appreciation. And those commissions which make such allowances apply them, of course, in the greatest detail to the different units of property.

Other factors of minor importance demand consideration in the determination of present value. Unit costs should certainly not be too narrowly limited to a particular time, but should be based upon a fair normal average—disregarding, it is assumed, our foregoing plea that the original unit costs are the only fair standards anyhow. Qualification must also be made for piecemeal construction. The gradual creation of an efficient agency of transportation, bit by bit, may be quite a different matter

[1] The best treatment of these subjects, with a very complete bibliography, is in Whitten's Valuation, chaps. xv, xvi and xvii.

[2] Reprint in Ripley, Railway Problems, rev. ed., p. 702. *Cf.* also 11 *Columbia Law Review*, p. 532. The Massachusetts Validation Report of 1910 accepted a 100 per cent valuation, appreciation offsetting depreciation.

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from the theoretical construction of an entire railroad as a single unified job; particularly when, as commonly happens, most new work is confined to periods of prosperity when funds are obtainable, but when also, unfortunately, wages and prices are abnormally high. There are other puzzling details, such as allowance for working capital in its relation to credit. And a large group of values, usually bulked together as development expenses, hangs in the offing. These last more properly require discussion under the head of intangibles and will be so treated. Finally, the fixing of present value raises a number of very important questions, more weighty for railroads than for most other public utilities, connected with the ascertainment of land values. These have already been touched upon. All in all, the determination of the worth of property at the time of its use is feasible enough as a matter of engineering. Whether as a matter of economics it is sound is quite a different question.[1]

Twenty years ago *market or commercial value*, conditioned of course by earning power, was generally regarded as an all-important element in fixing fair rates. But although many railroad men and an occasional judge still uphold its validity,[2] it is discountenanced by the best progressive opinion. As Whitten well says:

> Market value has nothing to do with the rate question as thus considered. It is only set up after the rates are in fact determined. To be sure, the theory is that rates are based on a fair return on the market value of the road under reasonable rates. The impossibility of basing reasonable rates on a market value that is itself determined by reasonable rates is apparent. It is a clear case of reasoning in a circle. We have the evident absurdity of requiring the answer to the problem before we can undertake its solution. The advocates of the market-value theory cannot really mean what they say. Market value is not really a part of the process but the final result.

The same argument is made in a recent judicial decision.[3]

[1] Compare the wholesale condemnation of all reproduction theories in *Economic Review*, iv, supp. 1914, p. 27.

[2] *Cf.* my quotations as early as 1907 in *Political Science Quarterly*, xxii, p. 604.

[3] Brunswick and T. Water District *v.* Maine Water Company, 59 Atl. 537.

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It is one of the most mischievous and yet persistent fallacies, that the value of a property determines the prices which can be charged for the use of it. The precise opposite is the truth—the value of the property is determined by the price that can be charged for the use of it. It is not because an orchard is valuable that it yields apples. On the contrary, it is because it yields apples that it is valuable. To say that the reasonableness of rates depends upon the fair value of the property used and that the fair value of the property used depends upon the rates which may be reasonably charged, seems to be arguing in a circle.

This circle argument is constantly cropping up. It has been wielded for years against physical valuation of any sort. And, as applied by the Washington Railroad Commission in fixing rates, it certainly seems highly illogical if not absurd, except possibly for misplaced or partially obsolete roads.[1] But it is submitted that this need not necessarily be so. All depends upon whether the business is carried on under conditions of monopoly or of competition. In ordinary business, earnings determine valuation; but as railroads are operated nowadays, or at all events should be, under a firmly-established theory of regulated monopoly, the relationship is reversed. It is not earnings which determine value, but valuation which fixes earning power. The difference is in the starting point of the reasoning. This is only another way of saying that a reasonable rate of charge for a railroad is one of the results and not the cause of the fair value of the property employed.[2]

The proper function of market valuation, viewed in another way, is to set off the intangible elements in fair value from the purely physical ones. No one denies that commercial value depends in large measure upon the present or future income-producing capacity of property; and, furthermore, that it is the use made of this property and neither its original cost nor its present cost of reproduction that fixes its present worth. Governmental valuation seeks not to find the total value at all, but to discover what part of it is represented by real property and

[1] Second and Third Annual Reports, 1907–08; Proceedings National Association Railway Commissioners, 1911, p. 148.

[2] Admirably reasoned by Justice Swayze in the Paterson, N. J., Gas Company case, 87 Atl. 659.

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what part by intangible assets. Merely to make use of the total value, as dependent upon net income, as a basis for regulation would, of course, involve reasoning in a vicious circle. Once we admit evidence as to total market value, Münchausen-like, we are trying to lift ourselves by our boot-straps. But that is not the present proposition in any sense. The aim is to differentiate in the total worth between two distinct sources of value: one, the actual investment in physical plant to be credited to stockholders; the other, the intangible value, some part of which belongs by right to the public while other parts remain essentially the reward of private initiative. So long as these franchise gifts were of doubtful value, the people were willing to permit all profit upon them, if there were such, to accrue to the private owners of the shares; but as soon as that stage of development was passed, the public insisted upon its right to some part of the advantage. In brief, the demand for valuation registers a protest on behalf of the public against paying returns indiscriminately to private stockholders upon values, a part of which the public itself may have created and granted to the corporations. It is the emergence of such values due to the growth of the country, over and above the capital investment values, which accounts for the extraordinary interest and activity of the legislatures, courts and commissions in this work all over the country.[1]

Recognition of an intangible value as property, over and above the mere physical plant—characterized by William H. Taft in accepting the nomination for the presidency as "full value"—has been accorded by the practice of several states. The exact nature of this surplus value we shall have occasion to consider elsewhere, merely noting once more that it is based upon earning power or income. In other words, after the payment of a normal return on a fair value of the actual property, the excess earnings are capitalized in order to set an additional value upon the concern. A concrete example may serve to make this

[1] Further discussion of this side of the case by the author in *Political Science Quarterly*, xxii, 1907, p. 606 ff., is essential to a complete understanding of the subject. It is omitted in order to avoid repetition.

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clear. Let us suppose that a railroad possessing physical property worth $10,000,000 is earning at the rate of $1,200,000 net a year. Five per cent on the $10,000,000 of actual property, or $500,000, therefore represents the interest return on capital. But there still remains $700,000 of the annual income to be distributed. This would pay seven per cent upon $10,000,000 more of capitalization—a rate of return none too high, perhaps, considering its contingent and fluctuating character. The surplus earning power over and above the normal return on the actual property, thus capitalized at $10,000,000, is the value of the "non-physical" property. It is this excess which is termed intangible value or, as it is defined in New Jersey, "the value of the remaining property." Michigan in 1900 under the leadership of Professor Henry C. Adams, was a pioneer in this field.[1] Estimated in general upon the above plan, the intangible value of the railroads in that state in 1900 amounted to $35,800,000 or 19 per cent of a total worth, comprising both physical plant and intangibles, of $203,000,000 for the railroad net as a whole. Washington in 1905 gave special attention to everything affecting both density of traffic, that is to say earnings on one side and operating expenses on the other, as distinct from the bare bones of the plant.[2] The result according to our table on page 577 indicates an intangible value on the whole about offsetting depreciation; so that the market value of the properties, which was sought, approximately equaled their reproduction cost, new. As for the individual roads, the intangible value varied greatly, from an excess above reproduction cost of twenty per cent for the Oregon Railway and Navigation Company, to one per cent for the Northern Pacific. For smaller roads dependent for future business upon partly depleted forests, the market value over and above physical property was necessarily nil. New Jersey found the value of the "remaining property" of its carriers in 1909–11 to be about $76,000,000, that is to say, about twenty per cent of the pres-

[1] See his testimony before the United States Industrial Commission, 1900, ix, p. 373; United States Census Bulletin, no. 21 on Commercial Valuation, 1904, p. 79. The Cleveland street railway settlement by arbitration in 1909 was somewhat similar.

[2] *Journal of Political Economy*, xxi, 1913, p. 332.

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ent physical worth. Here again, as in Washington, capitalized earning power varied greatly as between different roads, from eleven per cent on the Erie to thirty-one per cent on the Reading. And here again, also, one notes an agreement with both Michigan and Washington, in a practical equivalence between depreciation and intangible value, the one just about offsetting the other. The foregoing figures indicate intangible values reflecting earning power, that is to say market value, which seem to fluctuate up and down about one-fifth of the worth of the physical plant. Whether this excess value be termed good will, the worth of a going concern, or franchise value—points shortly to be considered—will make no difference in the statistical result, however much it may affect the inclusion of all or a part of this value in the rate-making basis.

The subject of intangible values may not be dismissed without further examination, for just now it is the most rapidly growing tip-end of the subject. Courts and commissions seem to be if not all at sea at least well out at sea, or, to change the figure, almost at loggerheads. Few of them have clearly dissected the value of "the remaining property", or "full value", from the point of view of the conflict of private and public rights.[1] Three intangible possessions, quite distinct in their nature although blending at the margins, are discernible. These are franchise value, good will, and the worth of a going concern. The franchise has value either because of the possession by the company of a privilege of place, of time, or of use. Thus a railroad may enjoy a strategic location and conceivably, as we may hope in future, will be protected in the possession thereof as against all comers, although perhaps not to the extent of leaving Pittsburg always at the mercy of the Pennsylvania Railroad or New England in the palm of the New Haven's hand. But within reasonable limits, sound public policy approves of regulated and at the same time protected monopoly. Or, again, a carrier may for a period of time have conferred upon it certain privileges which add to its earning power.[2] Wherever such privileges

[1] Loosely used even by J. H. Gray, *Economic Review*, iv, supp., 1914, p. 32.

[2] *Cf.* cases cited in Ripley, Railway Problems, rev. ed., p. 740.

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are conferred or perpetuated by public authority, it is obvious that no claim can rightfully be set up as against the public for the enjoyment of more than fair profits. It is now well settled law that in return for a franchise which largely guarantees the integrity of an investment, the company may equitably be limited in the rate of return to be had. An interesting question at this point relates to the status of such privileges of location as arise from perpetual trackage rights. The Massachusetts Validation Report, for example, allowed $6,000,000 to the New Haven for its perpetual right to the use of the New York Central terminals.

The second intangible element is good will, not inaptly defined as the "present value of expected super-profits."[1] Reputation in trade is a characteristic asset of competitive business and as such has only a remote connection with railroads under present conditions. With but a single carrier in the field, the shipper has no choice and no good will either to give or to withhold. Consequently, it is argued that no allowance therefor should be permitted in valuation.[2] And yet, we submit, a large part of the business of a carrier is after all really competitive. Reputation for certainty and despatch of freight and safety in passenger business may cut a not inconsiderable figure in receipts. As for the third intangible, going value, this arises from an established business as against one in its initial stages. Unquestionably a system in full operation, with established connections, an efficient organization and a created income, with its property tried out and unified, is worth more than a railroad practically on paper, except for the fact that its physical plant is geographically in place. Here, certainly, is ground for an allowance whether for capitalization or rate-making. Nevertheless the practice of administrative commissions varies greatly.[3] The prime difference between a live railroad and a dead one, financially, is the amount of the losses and deficits in the early years of operation. Wisconsin practice permits such losses and

[1] *The Accountant*, December 6 and 27, 1913; and January 27, 1914.

[2] *Cf.* especially, 4 Wisconsin R. C. R., 1 and 60.

[3] *Quarterly Journal of Economics*, xxviii, 1914, p. 284; also Whitten, Valuation, chap. xxv.

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deficits to be treated as capital; New York, followed by Maryland, makes allowance for them in a generous rate of return when once fully established. New Jersey, unqualifiedly accepting the view that a property with a business attached has a greater value than one without it, would seem to authorize the capitalization not only of deficits below a fair return, but even of expenses incurred in holding patronage. The subject may be dismissed with the following quotation:[1]

> Then again, although it is argued that the court excluded going value, the court expressly took into account the fact that the plant was in successful operation. What it excluded was the good will or advantage incident to the possession of a monopoly, so far as that might be supposed to give the plaintiff the power to charge more than a reasonable price. An adjustment of this sort under a power to regulate rates has to steer between Scylla and Charybdis. On the one side if the franchise is taken to mean that the most profitable return that could be got, free from competition, is protected by the Fourteenth Amendment, then the power to regulate is null. On the other hand if the power to regulate withdraws the protection of the amendment altogether, then the property is nought. This is not a matter of economic theory, but of fair interpretation of a bargain. Neither extreme can have been meant. A midway between them must be hit.

All in all, the advance in economic reasoning during the period under review has been notable in many ways. The main lines of procedure have in all probability become established, with one exception—and that a rather important one. Whether the courts and commissions have chosen wisely in the adoption of replacement cost as a standard of valuation seems open to debate. The errors and shortcomings of policy due thereto have been either corrected or avoided by indirection thus far. A searching examination may yet reveal possibilities in the substitution of actual or original sacrifice—except possibly for land—for reproduction cost, which will profoundly affect the treatment of the whole subject.

W. Z. RIPLEY.

HARVARD UNIVERSITY.

[1] 223 U. S. 655.

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THE NEW FREEDOM IN COMMERCE

THE tariff act of 1913 marked an apparent turning point in our trade policy. For half a century the United States had steadily increased the solidity of its protective walls. Each successive tariff revision saw some rates raised in order to give American producers a firmer hold on the rich American market.[1] The late Professor Sumner, indeed, was wont to complain that the discovery of a mine of any new metal was a disaster, because it meant new duties and higher prices.[2] We cut some rates at almost every revision, but generally these reductions were mere paper ones, the new rates being no less effective for purposes of restriction than were the old. It is hard to find an instance since the Civil War where duties have been materially reduced in the face of extensive imports competing with American goods.

We have been consistently and uncompromisingly protective. Our theory has been that if an American wanted to make anything under the sun, he ought to have a tariff high enough to make it profitable.[3] Further, we have maintained that every such duty was "good for business," and therefore good for labor.

Such a policy was possible so long as our manufacturers were kept busy trying to occupy our domestic market, while our farmers, rendered invincible by our virgin soil, could profitably dump on the world market a huge surplus of cheaply grown agricultural produce. Today these conditions have changed, and our new tariff, it is believed, marks a consequent change in trade policy, in all probability a permanent one.

[1] Compare the history of the duties on woolens, fine cottons, silks, glass, earthenware and china, and cutlery, for example.

[2] Compare the history of the duties on ores and manufactures of lead, copper, nickel, tungsten and other alloy metals.

[3] Senator Aldrich, in the tariff debate of 1909, for example, said: "If it was necessary to equalize the conditions, and to give the American producer a fair chance for competition, other things being equal, of course, I would vote for 300 per cent as cheerfully as I would for 50."—*Congressional Record*, May 17, 1909, p. 2182.

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Its proponents, frankly aiming at a pure revenue system, have inaugurated a change in fiscal policy comparable in importance with the repeal of the British Corn Laws. Yet the beginnings were made all but unnoticed. Business men, for two generations taught to believe prosperity absolutely dependent on high duties, gave tariff revision little attention. The business community, broadly speaking, was indifferent in the face of real and radical tariff reduction; and, outside the circle of interested politicians, there has been surprisingly little tendency to blame such revision for the slackening of industrial activity that followed it. This fact augurs well for the permanency of the new policy, and gives ground for the belief that the tariff question may recede into the background of public attention, where by reason of its comparative unimportance it properly belongs.

The United States has been transformed with astonishing rapidity from an agricultural to an industrial state, with a surplus of manufactured products for export. The Payne-Aldrich act gave practically no recognition to this transformation, which had occurred largely since the Dingley act was passed in 1897. From 1899 to 1909, the value of our manufactured products, according to the census returns, increased from $13,000,000,000 to $20,672,000,000, or 58 per cent. Exports of manufactures, excluding foodstuffs, in the same period rose from $380,000,000 to $671,000,000, or 77 per cent.[1] From 1909 to 1913, manufactured exports increased to $1,187,000,000, a further gain of 77 per cent. The figures for 1909, however, are almost a hundred millions below the normal. Taking 1908 instead, a gain of 99 per cent from 1899 to 1908 is followed by an increase of 58 per cent from 1908 to 1913; or in figures, a gain of $371,000,000 in the first nine years and of $436,000,000 in the second five. We exported in 1913 more than three times the value of manufactures that left our ports in 1899, and the growth is proceeding at an increasing rate.

[1] Commerce and Navigation, 1912, p. 37. The figures of exports are notoriously incomplete and unreliable, depending as they do on the accuracy of manifests furnished by exporters. But as there is no reason for assuming that the degree of understatement varies greatly from time to time, the accuracy of the comparison is not invalidated.

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To anyone even slightly familiar with trade conditions these figures furnish confirmation of a fact already well known—that American manufacturers are turning rapidly to the foreign market to take a substantial fraction of their wares. The Steel Corporation, for example, in 1912 sent abroad 18 per cent of its entire shipments of rolled steel and other finished products, and in 1913, 15 per cent. On a tonnage basis its foreign business in finished and semi-finished steel products is about a fifth as large as its domestic trade.[1] Of course the corporation is our chief exporter of steel products, but among makers of machinery there are concerns whose foreign business makes up a far larger proportion of their total trade.

The increase in manufactured exports, it should be observed, is not confined to two or three articles, but is spread over a large part of the industrial field, though some branches, such as textiles and glass, show but small absolute increase during the past decade. Broadly speaking, American manufacturers have discovered during the last fifteen years that they can do business in the world market in those lines of production where cheap material, mass production, and continual improvement of machinery are the conditions of success. Of manufactured exports (excluding foodstuffs) totaling a value of $1,020,000,000 in 1912, no less than $432,000,000 worth were sold in Europe, where our chief industrial rivals enjoy advantages in freight rates and tariffs, to say nothing of proximity and acquaintance with market conditions. Canadian tariff rates run up to 35 per cent, and the British producer enjoys a preference equal to a third of those rates, yet in face of this preference we have continued to ship to Canada three-fifths or more of all her imports. Our exports to Canada (prevailingly manufactures) have risen from $88,000,000 in 1899 to $415,000,000 in 1913. In the last three years we have sold Canada more than a billion dollars' worth of goods. Such facts indicate a remarkable increase in the power of American manufacturers to compete on even terms with foreigners.

By contrast, our exports of crude foodstuffs have been dimin-

[1] Report for 1913, p. 26.

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ishing. Despite rising prices, their value has fallen from an abnormal maximum of $305,000,000 in 1898 to $100,000,000 in 1912, rising again to $185,000,000 in 1913. The continually increasing output of our farms scarcely keeps pace with the growing demands of our hungry city population. Though the agricultural revolution so rapidly going forward under the leadership of the state universities and agricultural colleges is already increasing the product of our farms, it is by applying science in a varied agriculture, and not by robbing the soil to grow wheat. There is good reason to believe that for the immediate future, while the new Canadian lands hold out, it will be cheaper for us to get part of our wheat supply from across the border, while our farmers grow more profitable crops. Exploitative agriculture in the Mississippi valley is rapidly coming to an end; with it the old balance of productive forces is passing.

Our imports of crude materials for use in manufacturing, which were valued at but $209,000,000 in 1899, rose to $633,000,000 in 1913, constituting by value 30 and 35 per cent of total imports in the respective years. About one-fifth of the materials imported in 1913 were dutiable. Increasingly our manufacturers need and will need foreign markets, materials and food. They and their employees constitute a steadily growing proportion of the voting population. The probable consequences for tariff policy are obvious.

The economic transformation has undoubtedly been the underlying cause of our change of policy; but certain other influences contributed, notably the rise of prices and the unpopularity of trusts. The Bureau of Labor's index number shows a 78 per cent rise in the price of raw commodities from 1896 to 1912, a rise of 44 per cent in manufactured goods, and 49 per cent in all commodities. The influence of the tariff on prices in America is of course exerted chiefly on manufactured goods, and the world-wide rise of prices was continuous during the whole life of the Dingley and Payne-Aldrich tariffs. It requires no profound logic to discover that those tariffs were not "the cause" of rising prices. But popular logic is seldom profound, and the Democrats, after a generation of ill-luck, found the fortune of economic change at last playing into their hands.

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Ever since the Civil War they had been preaching the doctrine that protection causes high prices. For thirty years, prices, from causes unconnected with the tariff, went down, and their preaching was vain. But when the cost of living rose by half within a decade, the preachers gained an audience, though they deserved it no better and no worse than before. Between 1904 and 1912 public attention was largely called to the abuses of railroads and trusts, and to many other evils, but conspicuously not to the tariff. Nevertheless the people quietly made up their minds to see if lower duties would not mean lower prices.

Popular feeling against the trusts strengthened this determination. The new era of combination beginning in 1898 was followed by increased control over prices. Cases of monopolistic exaction were numerous; profits, gathered into great masses by consolidation of properties, became spectacular. Under monopoly, tariff rates evidently contribute to high prices, and the ordinary business practice of making lower rates for export than for domestic business, when employed by a wicked trust, gave added point to the charge of price exaction through the tariff. The report of the Committee on Ways and Means, in submitting the new bill on April 21, 1913, contained a frightful list of no less than 224 combinations, controlling 4400 plants and capitalized at more than $8,000,000,000, that had grown up "during recent years." As the earliest of them was formed in 1860, and as twenty-seven of them antedate the Dingley act, the report modestly refrains from giving the last two Republican tariffs the entire credit for their growth. When the public is hostile to trusts, however, and trusts are supposed to be the chief beneficiaries of the tariff, the tariff is likely to suffer.

Resentment at undesirable labor and social conditions likewise played its part. A public with conscience made sensitive to privilege and labor exploitation was in no mood to bear with equanimity the revelations of the Pittsburgh survey, the Lawrence strike, or other similar disclosures in highly protected industries. If a tariff, defended chiefly on the ground of its benefits to American labor, could show no better fruits than

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these, then in a time of willingness to try new things the voter was ready to make trial of lower duties. The aroused passion for social justice played into the hands of tariff reformers, who offered one concrete and immediately practicable thing to do.

Further, the rapid spread of the conservation idea had helped make unpopular the duties on timber, lumber, coal, ores—in short, on all materials which the popular imagination had come to conceive as liable to early exhaustion. The eagerness of the newspapers for free print-paper, pulp and pulp wood helped give currency to this idea, by means of which tariff reduction tied itself up with forward-looking "progressive" thought.

Against the powerful economic and political opposition to high duties engendered by these forces, effective resistance was no longer possible; for in the minds of many stout defenders of protection, other issues had become more important. A generation ago a solid manufacturing interest, with a strong labor vote behind it, stood sturdily for higher rates wherever competition was real. Side by side with it stood the northern farmer, chiefly in loyalty to an ancient tradition, occasionally out of a direct financial interest. But now the manufacturers' phalanx was broken. Representatives of important manufacturing districts in New England and the middle states stood at the front demanding lower duties. Their constituents, completely possessed of the home market, now wanted duties removed on food and materials, in order to lower producing costs and thus to obtain their share of the world market. In the Canadian reciprocity discussion of 1911 they served notice on their one-time allies, the farmers, that the old partnership was dissolved, and that now when the food duties were at last possibly going to benefit some of the farmers and to impose some burden on the manufacturers, the latter proposed to be rid of them. Small wonder that the farmers' representatives complained bitterly that after they had paid the piper for fifty years, he now declined to play their tune. Ever since the Dolliver-LaFollette combination broke loose from "standpat" leading strings in the making of the Payne-Aldrich law, the farmers' ranks have been wavering and breaking. "Once the American farmer finds that protection is not for him, the end of protection will quickly

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come. Ten million votes are cast by American farmers." Thus wrote the secretary of the American Tariff League during the reciprocity discussion.[1] His words are in process of fulfilment sooner than he anticipated.

The inevitability of tariff revision was recognized by both great parties in their platforms in 1908; but while the Democrats wanted to lower rates, the Republicans wanted to keep them up. Accordingly they once more tried the familiar plan of lowering only superfluous rates and raising duties on competitive articles such as fine cottons, cutlery and men's gloves. Blind to the signs of the times, they allowed President Taft to obtain only by a back-door device the tariff board which he wished to establish as a second line of defence. With the disaster of 1910, the high-protectionists saw a new light. A tariff board forever studying the difference in cost of production at home and abroad suddenly became the chief object of their solicitude and the only means of saving the country from industrial disaster due to ignorant tariff-tinkering. However excellent the idea of a non-partisan tariff commission may be—and its virtues have been grossly exaggerated—the actual purpose of the friends of protection in their anxiety for a tariff board was a purely obstructive one, though they often failed to realize it. How effective for that purpose such a body may be in the hands of an executive who honestly believes in keeping up duties, President Taft clearly showed by his vetoes of the tariff measures passed by the 62d Congress, which were returned with the simple comment that they were not based on the tariff board's findings.

The "true theory" of protection, discovered in 1908—that tariff rates should equal the difference in cost of production at home and abroad, plus a reasonable profit to the domestic producer—was likewise designed as a means of saving the existing protective structure. It has often been declared, and proved, economically absurd; but its sanction was pragmatic, not logical. Tariff boards and theories of protection alike, however, are helpless before the pressure of economic development.

[1] Quoted in *Congressional Record*, July 25, 1913, p. 3044.

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The Democrats came to full power and responsibility on March 4, 1913, pledged to

> the immediate downward revision of the existing high and, in many cases, prohibitive duties, insisting that material reductions be speedily made upon the necessaries of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list . . . . We favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry . . . . We appeal to the American people to support us in our demand for a tariff for revenue only.[1]

The party leaders had already made clear their theory of a "competitive" tariff, which was now reasserted:

> When the tariff rates balance the difference in cost at home and abroad, including an allowance for the difference in freight rates, the tariff must be competitive, and from that point *downward* to the lowest tariff that can be levied it will continue to be competitive to a greater or less extent.[2]

It is easy to point out, as Professor Emery has done,[3] that in logical strictness this theory requires just as microscopic a determination of costs as does the Republican doctrine; but again the logic yields to the facts. The Democratic leaders wanted to revise the tariff downward; the Republicans did not. What Mr. Underwood and his colleagues sought was essentially a maximum beyond which duties should not go. Common sense, economic theory and business experience alike led them to believe that if their duties were anywhere within reasonable distance of that maximum, no American establishment that deserved to live was going to succumb. They sought in every case a duty that would let the foreigner into our market, not one that would keep him out, and they held that it was not necessary to use instruments of precision to determine in each case at exactly what point the duty should stand. If they shall

[1] Democratic platform, 1912.

[2] Report of Committee on Ways and Means, April 21, 1913, p. xvii.

[3] *Yale Review*, January, 1913.

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ultimately succeed only in helping the country get rid of the notion, which seems to have been gaining ground in late years, that there is an exact adjustment of duties which will put domestic and foreign producers on an absolutely equal footing, they will have done something worth while.

The Democratic theory does not call for a microscopic determination of money costs, even if domestic producers are to be treated with tenderness. Some knowledge of the range of costs is indeed desirable; but far more important than a knowledge of the mere fact that a certain American industry is behind its foreign competitors is a knowledge of the reasons for such backwardness. Further, a mere study of export and import figures furnishes a considerable part of the data required for adjusting a revenue tariff. The pursuit of costs is a will-o'-the-wisp, leading nowhere; but if imports are nil, rates must be lowered in order to get any revenue. The first steps in reduction are sometimes difficult, because a high rate may have been serving as a crutch to industrial cripples, whose cries are sometimes agonizing. Once let the principle of revenue, and not protection, be established, and the cripple will seek a surgeon rather than a crutch.

The legislative history of the Underwood bill demands little notice, though two of its features deserve attention. First, its rates were fixed on the basis of unusually complete information, obtained in connection with the investigations of the tariff board much despised by the Democrats, the Canadian reciprocity discussion, the vetoed bills of the 62d Congress, the investigations and the extensive hearings of the Committee on Ways and Means. The utter disagreement under these conditions as to what are proper rates simply illustrates again the futility of the notion so sedulously cultivated of late in many quarters, that there can be a "scientific" solution of the tariff problem, based solely on ascertained facts, and not on the preconceptions and interests of the tariff makers. What the pleaders for "scientific" tariff-making always really want is the prestige of non-partisan scientific support for their own pet arrangement of rates —and facts can be found in abundance to support almost any arrangement, provided only it has existed long enough.

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Second, the remarkable party discipline and the skilful political leadership of the President and his colleagues resulted in the making of a more consistent bill than could reasonably have been expected. The iron-bound rule of the caucus prevented the selfishness of individual members from gnawing the bill to pieces bit by bit. The President's promptness in calling Congress together, his appearance in person before that body, his sense of the spectacular fighting value of "principles," leading him to insist on free sugar and wool, his conferences with recalcitrant members, and his lobby pronouncement, which sent his opponents scurrying to cover, all helped on the passage of the measure.

After a month's consideration, the bill was passed by the House, practically as framed by the Committee on Ways and Means, reducing the rates from an average of about 40 per cent on dutiable imports to an estimated average of 29.6 per cent. The Senate considered the bill for four months, and for the first time in a generation, along with some increases, made real and important reductions. The conference committee, after two weeks' hard work, in general adopted the low rates of both House and Senate bills. Yet the measure as signed by President Wilson on October 3, 1913, carried rates that averaged 35.7 per cent on dutiable imports during the first eight months of 1914.

Mere average rates mean nothing, and even particular rates taken alone mean little enough. Far more important are the principles discernible in the bill. First of all, not only does the act frankly reverse the policy of a half century, substituting revenue for protection as the primary aim; but by introducing a graded income tax it paves the way for further reduction of indirect tariff taxation whenever desired. While the income tax is primarily a concession to the demands of "social justice," its imposition introduces a flexible element that will make it unnecessary to change the tariff every time that industrial fluctuation disturbs the balance of federal finance.

In the rates themselves, six principles can be discovered, some of which were explicitly avowed, some not. First, a reasonable effort was made to free foodstuffs and the raw materi-

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als of manufacture—under our conditions a sensible and statesmanlike aim to strive for. Second, duties were either abolished or sharply cut on goods which we export largely. This unavowed principle has no political value, but much economic usefulness. Only low rates here can secure any revenue, and high ones can serve only to aid monopoly exaction. Third, an avowed attempt was made to reduce or remit duties on trust-controlled products. Whatever its political worth, this is a thoroughly impracticable principle of tariff reduction. Fourth, higher rates were laid on luxuries than on necessities. This also is good politics, and within narrow limits, may work practically. Fifth, articles not imported at all generally suffered reductions. Sixth, all reductions were limited by the platform pledge not to injure any legitimate industry, though the question of legitimacy was sometimes puzzling, and it is probably cold comfort to the Louisiana cane grower to learn that his industry is not legitimate in our climate.

The free listing of foodstuffs is for the present chiefly important in its abandonment of the pretence of agricultural protection, though its ultimate results may be a good deal wider. The most important food products going to the free list were wheat and wheat flour;[1] corn and corn meal; rye and rye flour; meats, including fresh beef, veal, mutton, lamb and pork; bacon, hams and preserved meats; food animals, including cattle, sheep and hogs; fresh fish; milk, cream and eggs; lard and lard products; potatoes;[2] salt; biscuits and bread. Oats still carry an inconsistent duty of 6 cents, and barley pays 15 cents. Important staple foods that still pay duty are macaroni, 1 cent a pound; rice, from ¼ to 1 cent; oatmeal, 30 cents a hundred; butter, 2½ cents a pound; poultry, live, 1 cent, dead, 2 cents; cheese, 20 per cent; vegetables, 15 per cent. For all the small revenue involved, these duties might have been completely abolished, but too much cannot be expected in a first measure.

[1] A proviso imposing a duty of ten cents a bushel on wheat and flour coming from any country imposing a duty on like products from this country was of course intended to make Canada take off her duties, thus helping the American miller to get into the Canadian market.

[2] With a 10 per cent retaliatory duty proviso, as in the case of wheat.

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The cutting throughout the schedule was sharp, half or more of the Payne rates being frequently removed.

In fruits and nuts, however, where imports are considerable, and where therefore a good deal of the duty is presumably added to the price, the cutting was less sharp. Apples, peaches, quinces, cherries, plums and pears pay 10 cents a bushel; figs and raisins, 2 cents a pound; dates, plums and prunes, 1 cent; grapes, 25 cents a cubic foot; pineapples in bulk, $6 a thousand. These duties range from half the Payne rates upward. Nuts were cut even less. Some little revenue is derived from tropical products, and certain of these articles may have been considered luxuries; but here, if anywhere, there was lost an opportunity to reduce the cost of living, be it never so slightly. That there was little protective sentiment back of the action is evidenced by the treatment of lemons, which had been singled out for special favor by the Act of 1909, and which had a skilful lobby putting forward a plausible plea for the protection of a promising young California infant against the pauper labor of Sicily. Congress replied by cutting the rate on lemons ruthlessly by about two-thirds the Payne rate to exactly the same point with other citrus fruit. That body was apparently unwilling to swell further the value of California fruit lands by guaranteeing the whole eastern market to the western grower.

The free listing of materials had been going on for a long time, but the new measure took another long step in the direction already traveled. Wool of course furnished the test case, becoming free on December 1, 1913, while the new woolen duties went into effect on January 1, 1914. In the textile schedules, wool wastes, flax, both dressed and undressed, hemp and tow were made free, the century-long and unavailing attempt to persuade the American farmer to grow these fibers being given up. In addition, the textile manufacturers got the right to import free dyewoods that had been crushed or ground. Why they were not given dyeing materials free outright is hard to understand. The leather industry got all tanning materials free, but had to grant free leather to the shoe and harness makers, who in turn lost what little protection they had. The most important branches of this industry therefore stand

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on a free-trade basis. Schedule D (wood and manufacturers of wood) was all but wiped out. Logs and round unmanufactured timber were already free; the new free list contains all ordinary kinds of timber and lumber, including sawed boards, planks and deals, laths, pickets, staves and shingles—the last notwithstanding loud outcries from northwestern shingle mills. The building industry also got free cement. Whatever aid the seaboard manufacturer may get through diminished cost of construction materials (and it is likely to be extremely little) may be set off against his own loss of protection. Not only are paper stock, pulp-wood and wood-pulp free—the passage of the reciprocity act, it will be remembered, had freed Canadian pulp irrespective of Canadian ratification—but the newspapers now get free print-paper valued at not above 2½ cents a pound. Charcoal and boneblack were made free to the sugar refiners, and borax comes in free. The motion-picture makers get unexposed films free. More important in these days of good roads are free asphaltum and bitumen, which had paid about 35 per cent on our large imports from Trinidad Lake. Coal (both bituminous and anthracite) and coke were freed, a measure of interest especially to the New England manufacturer. Schedule C (metals) contains some of the most striking changes of this sort, thanks largely to the action of the Senate Committee. Antimony, iron and tungsten-bearing ores and bauxite (the basis of aluminum) are made free. Ferromanganese, pig iron, iron in slabs, blooms or other forms less finished than bars, steel ingots, blooms and slabs, and scrap iron and steel are all free-listed, together with a considerable number of finished products. The various alloy steels, however, continue to pay duty, though at the reduced rate of 15 per cent. Whatever its mistakes and inconsistencies, the law has done a good deal toward giving our manufacturers free materials, thus helping to put them on a basis of world trade and not mere provincial trade. A number of other materials not made free had their duties sharply reduced; such, for example, are lead and zinc ores, china and other clays, mica and flaxseed oil.

The same fact of world trade found recognition in the free listing of a considerable number of our important exports.

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Here may be mentioned agricultural implements, rails, cash registers, linotypes and all typesetting machines, sewing machines, typewriters, shoe machinery, barb wire, fence wire, leather, boots and shoes. The radical cutting of rates throughout the metal schedule may be said to find its sanction largely in the extensive exports of these products that have grown up in recent years. Our total imports of pig, bar, hoop, band and scroll iron, ingots, plates and sheets of all kinds, wire and wire manufactures of all sorts in 1912 were worth less than $6,000,000, while exports were valued at $62,000,000. In face of such figures it required no profound statesmanship to cut the rates, which had run all the way from 7 per cent up to 50 per cent or more, to a maximum of 15 per cent. The iron and steel men themselves in the hearings again and again admitted that they needed no protection under existing busy conditions; they were driven to the lame defence that when the European situation changed, her producers would dump their surplus here. Successive revisions since the Civil War had pretty regularly seen rates reduced in the iron and steel schedule; the Underwood act simply carried nearer to completion the work of its Republican predecessors. The inevitable logic of industrial development has all but abolished protective duties on crude and semi-finished iron and steel products. The same process was earlier completed with petroleum and copper, and the present law practically completes it with packing-house products, flour, print-paper and the heavier leather products. It may be seen working itself out in rubber manufactures, photographic goods, automobiles, machinery of almost all sorts, and even the coarser textiles. In every one of these categories the rates of the Underwood bill represent marked reductions on those of its predecessor, which likewise generally showed lower rates than the Dingley act on these items.

In this connection the much-vaunted striking at trust products should be noted. Except biscuits, not a single one is free-listed except those that are extensively exported, and with the rather striking exception of aluminum, non-exportable trust products are conspicuous chiefly by their absence from the list of articles whose rates are severely cut. This shows no necessary lack of

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sincerity in our Democratic statesmen's professed abhorrence of combinations; they have given abundant evidence of the reality of their feelings. Their moderation does indicate this: if business is not to be injured, one cannot safely strike at the trust dragon with the sword of tariff revision unless he dwells in a fastness where the foreigner cannot injure him; if such is his lair, evidently no brandishing of that sword will kill him. We cannot make the foreigner settle our trust problem.

The attempt to assess higher rates on luxuries than on necessities, likewise conspicuously avowed, has little significance. It helps explain the increase in certain rates and the maintenance of others. If our producers of luxuries are notably inferior to their foreign rivals, or if, as is often the case, the luxuries are specialties, then high rates may yield large revenue. As a matter of fact, it is in the standard manufactures of general consumption that American producers generally excel. Therefore it is easy to make up such a table as was presented in the report of the Committee on Ways and Means, showing sharp reductions on necessaries and lesser cuts on luxuries. So far as possible, the framers of the measure seem to have made an honest effort to tax necessaries more lightly than luxuries, but the determining consideration in the majority of cases was necessarily the comparative efficiency of American and foreign producers. Automobiles will serve as an illustration. As a plaything of the wealthy they must pay heavy duties. In 1912 we had exported nearly 22,000 of them, worth just under $1000 each, and imported 963, worth a little more than $2000 each. In other words, as the Ford Company declared in its brief to the Committee on Ways and Means, in cheap cars our industry leads the world, while we still import some high-grade cars, and doubtless should still continue to do so, no matter what they cost. Automobiles valued at $2000 or more were accordingly left at the old rate of 45 per cent; cheaper ones were cut by a third to 30 per cent, and will undoubtedly suffer a further cut at the next revision. The plain, cheap car the American manufacturer makes for the million; the high-priced specialty car from Europe will sell here in small numbers, no matter what the price; hence our virtuous distinction in rates between the two.

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The reduction of rates wherever imports were nil may be seen from any comparison of the changes of rates with the import figures. Those who followed the hearings and debates on the measure became familiar with Mr. Underwood's expression, "a block in the tariff," which indicates well enough his view of "effective" protection and his feeling toward it. If what you want is revenue from imports, and if you do not have a shrinking fear of foreign, as opposed to domestic, competition, then such a block indicates a point in your tariff wall that must be lowered, even though you must do it with a jackscrew and not an ax, to employ the chairman's own picturesque phrase. Going through schedule after schedule, Mr. Underwood and his colleagues found hundreds of such points, and with honesty and good faith, so far as a layman can judge, they went to work lowering them to a level which they judged would bring imports where possible, without overwhelming reasonably efficient domestic producers. It was necessarily a rough-and-ready process; mistakes were doubtless made by the score; unexpected results have developed and will develop; but it was the only way of lowering these sections of the protective wall. The very fact that such reductions have thus far proved, and will unquestionably continue to prove, in a large proportion of cases, a matter of little practical significance, either in destroying our industries, as people fear, or in reducing our prices, as they hope, cannot fail to contribute toward a sane view of the relatively small importance of the tariff, even in those business circles whose exaggerated faith in protection has been so largely responsible for the long continuance of our extreme system. It is impossible to enumerate these downward changes in detail, and they cannot be indicated otherwise; for mere figures of averages tell nothing. Almost every schedule, except liquors and tobacco, offers numerous illustrations of reductions based on this revenue-competition principle; and the textile schedules have been practically rewritten on this basis. They had departed so far from it that the changes seem revolutionary; yet the process of adjustment is going forward with surprisingly little difficulty on the whole.

In the case of sugar, the Democrats, at the bidding of the

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President, threw their principles to the wind. Here was the most important revenue-producing schedule in the whole tariff; here was an industry, cane-growing in Louisiana, threatened with extinction, uneconomical to be sure, but quite as "legitimate" as a score of other industries that were tenderly treated; here was a trust which favored rather than opposed the removal of the duty; here was a case in which it was questionable whether the saving of price to the consumer would be as great as the loss of revenue to the government. Yet a quarter of the duties were cut off, beginning March 1, 1914, and the rest of the duties will be removed on May 1, 1916. The only explanation seems to be that sugar offered a chance to reduce the cost of living, and the measure as a whole of course stood badly in need of help in redeeming that promise.

The results of the measure, after a year's operation, are about what was expected by sane students of industrial affairs—mostly negative. As a revenue producer, the customs section of the law has done a trifle better than was expected by its friends. The European war has for the time being completely upset our foreign trade, and consequently no calculation can reasonably extend beyond August 1. The original estimate of the first year's receipts under the Underwood law as first proposed was $267,000,000. In the ten months ending July 31, even in the face of dull business, customs receipts were at the rate of $275,000,000 a year, actual receipts being $229,461,967 as against $260,132,036 for the corresponding ten-months' period of 1912–13 under the Dingley act. Free imports, which had made up 55.2 per cent of the total in the first period, rose to 61.5 per cent in the second. What will probably surprise most observers is that the average rate paid on dutiable imports declined only from 38.1 per cent to 37.1 per cent, and on all imports from 17.3 per cent to 14.3 per cent.

The total value of our imports for the fiscal year ending June 31, 1914, was $1,893,925,657, as compared with $1,813,008,234 for the preceding year, while exports declined from $2,428,506,358 to $2,329,684,025. Hostile critics are trying to extract ammunition from these facts, but without much success. In the first place, the very purpose of the law was to facilitate

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imports, and no one familiar with such affairs would expect a measure of this kind to exercise any appreciable influence on exports within a year, or indeed within a considerably longer period. Second, the figures evidence only the normal and expected working of the measure, and give not so much as a suggestion that serious industrial disturbance is resulting. Third, all available evidence indicates that though the law has been working under conditions of dull business and not inconsiderable depression both at home and abroad, yet the process of adjustment to the new conditions has been going forward with comparative ease.

Of the $80,000,000 increase in imports, $69,000,000 is accounted for by foodstuffs. Imports of partly manufactured materials fell off by about $30,000,000, while imports of manufactures ready for consumption rose by $40,000,000. The increase in foodstuffs is so much clear gain. The great bulk of our imported foodstuffs consists of tropical products. Sugar, tea, coffee, cocoa, spices, fruits, nuts and oils account for nearly three-fourths of the total value of $475,000,000 in the last fiscal year. The year's trade shows a significant and hopeful increase in other lines, however. Breadstuffs more than doubled, rising by $20,000,000 from the figures of 1913. Much more significant and less accidental, imports of fresh meats, which had been so small as to have no separate category in 1913, amounted to $17,000,000 in the past year, of which $15,424,000 was beef. It is easy to exaggerate the importance of these imports, which constitute but a drop in the bucket by comparison with our enormous meat consumption; yet in view of the decline in number of our cattle, less numerous now than a dozen years ago, it is distinctly encouraging to note this appreciable and rapidly growing import of a much-needed supply of fresh meat. No intelligent student of American agriculture seriously believes that it can be injured by the freest possible competition with foreign production. Accordingly there is reason for solid satisfaction, in view of present high prices, in the year's increased imports of breadstuffs, meat, dairy products and cattle from $38,000,000 to $94,000,000. The new law cannot be given credit for the whole increase; yet such a growth in the

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first year of its operation is evidence enough, if any were needed, that our legislators acted wisely in opening our markets to what Canada and Argentina have to offer us. It is only to be regretted that the retaliatory provision still maintains a ten-cent tax on their wheat.

A $30,000,000 decline in imports of partly manufactured goods indicates the same thing as the fall of $51,000,000 in exports of fully manufactured goods, namely, a state of dull business both at home and abroad; and no one has yet attempted to connect either phenomenon with our new tariff. The serious setback that Canada has suffered during the past year is alone sufficient to explain a large part of the decline in our exports, the total value of all goods shipped from the United States to that country falling off by no less than $70,000,000.

All this, however, is beside the mark to the protectionist, who expected to see our manufactures ruined by a "flood of imports" under the reduced rates on manufactures. Suffice it to say once for all that the flood of imports has not come, and now that European industry is overwhelmed by war, evidently it cannot come. To be sure, imports of manufactures increased by $40,000,000 in a dull year; they had increased by $48,000,000 during the prosperous year 1912–13 under the Dingley act. When the increase of the last year is analyzed, particularly in connection with the condition of the industries affected, its terrors vanish.

First and most conspicuous comes an increase of $18,000,000 in imports of wool manufactures. The new rates on woolens, it will be remembered, did not go into effect till January 1, raw wool having become free on December 1. Woolen manufactures generally now pay 35 per cent, against an average rate of 83 per cent actually paid on all imports of woolens in 1912; cloths, for example, in that year averaging 94.4 per cent and dress goods 99.7 per cent on their value. Here, if anywhere, accordingly, we may expect to find serious damage done. In the first seven months of 1913 our imports of cloths were valued at $2,853,000; in the first seven months of 1914, at $10,879,000. Imports of dress goods for the corresponding periods

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were $2,697,000 and $5,602,000. It is not strange that the *Bulletin of the National Association of Wool Manufacturers* should have announced lugubriously but triumphantly in its July issue that "reduced rates are transferring a part of the American market to Europe." The picture is not one of unrelieved woe, however. The very same issue of the *Bulletin* demonstrates that "imported fabrics are losing favor," and are selling only because they are cheap, and gives a considerable number of cases, supported by references to trade journals, to show the dissatisfaction occasioned by the inferior quality of foreign goods; but it fails to show how such inferior cloths are to drive out the product of the American looms, now that the superiority of the latter is being discovered by actual test. After the tide of imports had been at flood for two months and a half, the *American Wool and Cotton Reporter*, in its issue of March 19, declared: "Instead of the condition of acute depression foretold by those who could see only complete disruption of the industry, the great majority of our mills are operating full time with a full complement of help."

Putting the matter to the statistical test, what are the facts? In 1909 our woolen manufacturers turned out a product valued at nearly $420,000,000. In this extraordinary year, the largest our woolen industry has ever known, when our wool consumption was 20 per cent higher than the average of the three years following, we grew 328,000,000 pounds of wool and imported (fiscal year 1909-10) 264,000,000 pounds. In the year ending June 30 last, with the menace of reduced rates overhanging during the first half-year and with such rates actually in effect during the second, our production was 296,000,000 pounds and our import was 246,000,000 pounds. The indicated consumption of raw wool for the past five years is as follows, in millions of pounds:

1910	588
1911-13 (average)	485
1914	541

If we take only the fine wools (omitting carpet wools, which are not here especially in question) the figures run thus:[1]

[1] Figures from the annual wool review of the *Bulletin of the National Association*

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1910	468
1911-13	385
1914	439

It is to be observed, moreover, that two-thirds of the last fiscal year's wool imports came in during its latter half, following the reduction of the rate on fabrics that went into effect on January first. London in July reported wool prices there maintained largely by the great quantities ordered for American mills, while wool prices here were on a level seldom exceeded in twenty years.[1] These are strange conditions for a ruined industry.

Nor is this all. There have been during past months continuous and undoubtedly justified complaints of dull business; but they are not peculiar to this country. The returns of idle and active machinery made to the National Association of Wool Manufacturers, moreover, while showing an increase of idle woolen spinning machinery from 22.7 per cent on December first to 25.8 per cent on June first, indicated a decrease of idle worsted spinning machinery from 26 per cent to 18.1 per cent; of broad looms from 24.9 per cent to 24.6 per cent; of narrow looms from 27.2 per cent to 25 per cent; of carpet looms from 32.1 per cent to 28.3 per cent; of woolen cards from 21.4 per cent to 19.4 per cent; and of worsted combs from 23.1 per cent to 15.5 per cent.[2] Every kind of machinery except that for woolen spinning was more busily engaged in June than in December. Further, these percentages are scarcely as high as estimates appearing in the trade journals from English woolen centers, which were if anything better off than continental ones.

Another interesting fact deserves notice. No sooner were the new rates in effect, with the industry on a free wool basis, than the American Woolen Company established a London agency with the avowed purpose of building up a foreign trade. The report of this company for 1913 says: "In view of the changed economic policy of the United States it has seemed

of Wool Manufacturers, January 1914, except imports for 1914, from *Monthly Summary of Commerce and Finance*, June 1914.

[1] *American Wool and Cotton Reporter*, July 30, 1914.

[2] *Bulletin*, July 1914, p 288.

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necessary to avail ourselves to the fullest extent of all possible information and to ascertain definitely whether our excellent woolen fabrics can be sold in foreign countries." Mr. Wilson could scarcely have asked for a stronger testimonial for his policy. A moderate statement of the case concerning competition at home was that made by Mr. Andrew Adie, president of the United States Worsted Company, in the *American Wool and Cotton Reporter* of January first:

> The consensus of opinion is that the American manufacturer in certain classes of goods will be able to hold his own against all comers, and especially will this be true of the best equipped mills, economically managed and turning out honest goods of superior quality, style and finish, suitable for the American market.

Every day that passes goes to prove the accuracy of this forecast. Evidence could be piled up, were it necessary, to show that the industry has not been injured by the new rates, but enough has doubtless already been given.

To summarize the matter, the new rates went into effect on January first, at a time of comparative dullness in the woolen industry both here and abroad. They induced, just as they were intended to do, a marked increase of imports, notably in cloths and dress goods. There has apparently been considerable disappointment on the part of British producers at the comparatively small amount of business actually developed, and on the part of American importers at the quality of the goods obtained. Meanwhile, with free wool, the American industry has gone steadily along, and at the outbreak of the war it was in stronger shape than it had been seven months earlier. No one would maintain that the adjustment is yet completed, but thus far it has gone forward with remarkable smoothness and with but a tithe of the disturbance that might reasonably have been expected after a fifty-year experience of unlimited protection. The European war now intervenes to stop the development of foreign competition, which might otherwise in time force improvements on those mills that are backward; for as a trade writer remarks: "One of the chief reasons for the lack of progress in the woolen industry is the apathetic attitude of

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manufacturers relative to the introduction of new machinery and improved processes."[1] This statement is by no means true of all our mills.

If the woolen industry gives no indication of serious injury under the new duties, perhaps it need not be said that no other important industry has hoisted distress signals.

Imports of cotton cloths rose from $7,758,000 to $11,846,000 during the year, the whole growth being in bleached and colored cloths—not a staggering import when compared with our 1909 product of $456,000,000 in woven goods. Imports of knit goods nearly doubled, reaching $5,672,000 in 1914, as against a domestic product of $125,000,000 in 1909. Speaking on July 15, Mr. Lincoln Cromwell said: "A year ago we of the underwear business were a good deal scared by tariff changes. . . . The underwear tariff was cut nearly in half, and yet, wonder of wonders, nothing has happened. . . . The French 50-cent balbriggan has arrived, but is not wanted."[2] The cotton industry as a whole had more spindles working in June 1914, than a year earlier, and cotton consumption was 1500 bales greater.[3] June brought complaints of labor shortage and in August it was declared so acute that the mills probably could not operate over 90 per cent of capacity without running plants over time.[4] Such facts confirm the justice of the *Reporter's* observation in its issue of April 16: "A peculiar feature of business conditions at the present time is the fact that the textile industry which supposedly would suffer most from the change in our tariff law seems to be more prosperous than industries which were subjected to a considerably smaller change in rates."

Iron and steel imports have actually declined under the new rates, though some lines, like cutlery, show increase. During the hearings of 1912-13, iron and steel men repeatedly conceded that they did not fear the immediate results of tariff reduction because steel makers the world over were busy; but when depression came, then under low rates the dreaded foreigner would overwhelm them. The rates actually being in effect, we

[1] *American Wool and Cotton Reporter*, May 19, 1914.

[2] *Ibid.* July 16. [3] *Ibid.* July 23. [4] *Ibid.* August 13.

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find the *Iron Age*, under the caption, "The New Tariff Not Yet Tested," speaking thus in its issue of March 26:

> This showing [the February import figures] cannot be taken as proof that the lower tariff duties will not stimulate imports . . . At present this country is purchasing sparingly both abroad and at home . . . It will be remarkable, indeed, when we have a trade revival, if it will not be found that foreign manufacturers will figure notably in participating in the benefits of the enlarged volume of business.

The disaster that was to come in the period of depression is now postponed to the next time of prosperity, but a disaster that is always lurking around the next corner is likely in time to lose its terrors. Better-founded, perhaps, is this objection: "Such operations [imports] will keep American prices from rising to the levels that in the past have been required to compensate our steel makers for lean years and that will be just as necessary in the future to yield earnings sufficient for renewals and new construction."[1] To quote the same authority again:

> While the tariff has had hardly a fair chance to develop its influence in the machine tool situation, owing to the dull times, enough has come up to indicate that foreign machinery will not, at least for some time to come, make any serious invasion of the American market, certainly not to the point of affecting prices.[2]

If imports will not affect prices in dull times, when will they do so? The iron men are discovering that they are not hurt by the cutting of their protection. In fact, no competent observer has seriously contended that the depression of the iron and steel business was in any way due to tariff changes, for all the facts clearly contradict the assertion.

The same story could be repeated over and over in other industries, were it necessary. Some manufacturers have been experiencing anxious days, it is true, and many are making perplexing readjustments; but broadly speaking it is already clear that no great industry has been seriously crippled by a real and occasionally radical tariff reduction. This result was expected by disinterested students of the measure, but businessmen gen-

[1] *Iron Age*, May 28. [2] *Ibia.* July 30.

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erally were scarcely expected to recognize it so promptly. The dulness of business has not been generally attributed to the new tariff. The political causes alleged (and political causes always are alleged) have far more generally been the refusal of higher freight rates and the Democratic anti-trust program. In fact, it is hard to find any sign of a widespread belief that the tariff has had any active connection with general business conditions—an indication of unusual sanity in our public opinion.

On the other hand, the hope of lower prices has been conspicuously disappointed. Dun's quotations of wholesale commodity prices in New York at the beginning of July 1914, as compared with the same date a year earlier, show 133 declines, 92 increases and 58 unchanged prices. Index numbers run as follows:

	Bradstreet	Annalist
July 1, 1913	8.9521	138
Oct. 1, "	9.1526	142.2
Jan. 1, 1914	8.8857	142.05
Apr. 1, "	8.7562	142.91
July 1, "	8.6566	145.49
Sept. 1, "	9.7572	162.46

Bradstreet's, being a summation of prices of 96 commodities, reflects the general slight downward trend of prices in 1913-14; but a three per cent decline from July 1, 1913, to July 1, 1914, does not suffice for redemption of campaign promises. The *Annalist* number, giving prices of twenty-five food commodities, and consequently reflecting perhaps better the "cost of living," shows an actual increase between the two dates. Even a comparison of prices of fourteen standard woolen cloths during the first six months of 1913 and 1914 shows less than a nine per cent decline in the latter period.[1] Tariff reduction as an immediate means of reducing the cost of living is shown to be a failure. On this side as well as on the other, we have only another demonstration of what well-informed persons have long known, that whatever influence our tariff may have had in the past, it has become at the present a force of third-rate importance in our industrial development.

[1] *Bulletin National Association Wool Manufacturers*, July, 1914, p. 290.

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The result is likely to be the disappearance of the tariff as a first-class political issue—a consequence for which we may well be devoutly thankful. On the one side, the protection idol appears to be already pretty well shattered, and no beating of tom-toms suffices to call the worshipper back to his temple. On the other hand, it is doubtful whether our voters will again be led to expect magical benefits of any sort from tariff reduction. While no one can tell what a year may bring forth, the outlook appears good for more rational thinking concerning our tariff policy, and, in consequence, more rational action.

The effects of the European disaster on our trade policy are not wholly easy to foresee. It means to an extent a further period of virtual prohibitory protection; but it also means an almost certain extension of foreign investment and trade, particularly in South America. When the day comes on which the industries of Europe again meet ours in vigorous and bracing competition, our thought may well center on our foreign rather than our domestic markets, and we may go farther along the path of trade freedom on which we have entered. We have already realized, as evidenced by the Underwood act, that our manufacturers do not need to have national preserves longer maintained for their benefit. On the other hand the war, by showing us our dependence on Europe for countless small necessaries of manufacture, has demonstrated the futility of any program of national economic isolation short of prohibition.

It is not inconceivable that when the world comes out from the blackness of the war-cloud, the United States may emerge as a leading exponent of liberal ideas, not only in politics and international relations, but in trade as well. Nationalistic ideas of commerce, of which we have had our full share, have contributed to those conceptions of national rivalry and hostility that are now bearing such bitter fruit. Possibly we may yet forsake these ideas, and in time come to stand with that small number of nations that believe international commerce to be not economic warfare but actual international coöperation.

HENRY RAYMOND MUSSEY.

COLUMBIA UNIVERSITY.

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THE WEST VIRGINIA COAL STRIKE

OF the fifty-five counties which compose the state of West Virginia thirty-nine have coal areas aggregating 9500 square miles or 6,080,000 acres. With 10,000 tons to an acre, by mining engineers deemed a conservative estimate, the total coal deposit within the state will thus approximate 60,800,000,000 tons. This tonnage at the present selling price represents a latent wealth of $60,000,000,000.[1]

The coal is of the highest quality, comparatively free from impurities, low in percentage of volatile matter and easy to mine. The seams are unusually thick, averaging from six to ten feet. There are but few shaft mines in the state. For the most part, the coal is mined by working into the sides of the hills, whence it is delivered either by gravity or by motor power to the tipple beside the railroad tracks.

Five main districts comprise the West Virginia field; one in the northern part of the state, two in the central, and two in the southern parts: known respectively as the Fairmont, Kanawha, New River, Thacker, and Pocahontas districts. The coals of the Fairmont, Kanawha and Thacker fields are essentially similar. They are bituminous and average about thirty-four per cent of volatile matter. The coals of the New River and Pocahontas fields are semi-bituminous with an average of seventeen per cent of volatile matter.[2]

The increase in the production of West Virginia coal has been so rapid that it may be deemed phenomenal. The insignificant output of 609,000 tons in 1870 had in 1911 increased to 60,000,000 tons. Due to retarded industrial development, less than ten per cent of the total production is consumed within the state. The remainder must be shipped through com-

[1] C. F. Carter, *North American Review*, October, 1913, p. 457.

[2] Record of hearings before the sub-committee of the Committee on Education and Labor, United States Senate, appointed to make an investigation of conditions in the strike district. p. 1886.

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petitive fields to markets without the state, there to compete with rival coals, occasionally in the very districts in which the latter are mined.

The Fairmont, New River and Pocahontas fields ship a considerable tonnage to eastern markets, but by far the greater amount of the output enters the Northwest in competition with the coals of Western Pennsylvania, Ohio, Indiana and Illinois, which states together with West Virginia comprise what is known as the central competitive field. The competition of West Virginia was not felt by the northern states until the middle of the nineties; but since that time the struggle to control markets has been continuous and intense.

The northern and western coals are neither so good in quality nor so easily mined. In addition to these natural disadvantages, the repeated demands of the United Mine Workers of America for higher wages, shorter hours and improved conditions have imposed other burdens upon the northern operators. The union has been strongly entrenched in these fields since 1898. Every two years there is held a joint interstate conference, composed of representatives of the miners and operators from the four states named, where reciprocal demands are made and grievances are discussed. The concessions obtained by the miners, though reluctantly granted by the operators, coupled with the increasing difficulty and expense of mining in the older fields, have enabled the non-union coals of West Virginia, despite their adverse geographical location, longer hauls and heavy freight differentials,[1] gradually to supplant the northern coals in markets which for years they have controlled. It is therefore only natural that the northern operators should view with alarm every fresh incursion into their territory, and employ all available means to encourage the imposition of similar conditions upon the southern competitors.

But the West Virginia operators are themselves alert and solicitous for their own welfare. They reason that any condition that will tend to increase the sale of northern coal, the market remaining constant, will to that extent tend to diminish

[1] Interstate Commerce Commission, Reports Nos. 1806, 1807, 1923.

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the sale of their own output. Hence the opposition and the vigorous resistance offered by them to every attempt of the United Mine Workers to establish local organizations in the latter state.

Prior to the year 1902 the miners of West Virginia were fairly well organized, though their organization was not "recognized" by the operators, in that they refused to meet them in joint conferences. At a state convention held that year in Huntington the miners determined to make a vigorous attempt to compel recognition. They prepared a scale of wages and called upon the operators to accept it or meet the union in a joint conference to discuss a new wage-scale. In accordance with past policy the operators ignored the demand and a strike ensued.

Although the events of the first few weeks were auspicious and seemed to portend a victory for the miners, in the end they not only failed to receive recognition but also lost their organizations everywhere throughout the state except in the Kanawha district. There, however, the strike was in a large measure successful. The organization was strengthened and recognition received. The following concessions were made by the operators: (1) the check-off, i. e., collection of union dues through the company's office; (2) a nine-hour day; (3) a checkweighman whenever a majority of the miners expressed a desire for one; (4) reduction in the price of powder; (5) semi-monthly pay; and (6) the right to trade where they pleased without discrimination. Since that year the representatives of the union and of the Kanawha Coal Operators' Association have met in joint biennial conferences to agree upon a wage scale and other conditions of employment for the ensuing two years.[1]

The Kanawha district is located a little southwest of the center of the state and in the immediate vicinity of Charleston, the state capital. It is divided into several sub-districts, two of which, Paint Creek and Cabin Creek, were the scenes of the recent strike. Of these two sub-districts, Paint Creek is the smaller. It includes about fifteen mines and a population

[1] *United Mine Workers' Journal*, 1902.

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of six thousand, while Cabin Creek has some forty or forty-five mines and a population of fourteen thousand. According to a census taken by the military authorities during the martial law régime, out of a total population of twenty thousand on both creeks, 50 per cent were foreign-born, 25 per cent colored, and 25 per cent native-born white.[1]

A large percentage of the mines in the Kanawha district are small mines. In 1911 there were 125 having an annual output of less than 90,000 tons and only 24 with an output in excess of that tonnage. The average production of the smaller mines was 45,480 tons with a total output of 5,885,087. For the larger mines the average was 162,877 tons with a total of 3,909,044. In other words, 60 per cent of the coal in the Kanawha district is mined by small mines whose margin between cost of production and selling price is necessarily less than in mines of greater capacity.[2]

Only a few of the operators own the mines they operate. Most of them lease them from owners who frequently live far away, and to whom is paid a tonnage royalty of about eight cents. This absentee ownership with all the attendant evils of such a system is generally prevalent throughout the district and in many other parts of the state.

Nearly all of the coal land on Paint Creek is controlled by two men, Mr. Charles M. Pratt of Brooklyn and former United States Senator George M. Wetmore of Rhode Island, who together own some 21,000 acres, or 33 square miles of coal land. Other holdings in the district, while possibly not so extensive, nevertheless present similar problems of divided responsibility for conditions that have arisen or may arise. There are only a few incorporated towns in the entire district. The majority of the mining villages are upon property leased by the operators and subject to their supervision. In some places the county road constitutes the only public property within a radius of several miles. As a result of such paternalistic management, abuses have crept in, which have been sources of dissatisfaction among the miners. The owner excuses himself on the ground that he

[1] Record etc., *cit. sup.*, pp. 1761–1762.

[2] *Ibid.*, p. 1872.

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is not in control and has no voice in the management; the lessee by reason of his lack of ownership and absolute control.

I

Subsequent to the strike of 1902, there was no serious disturbance in the Kanawha district for a period of two years. In the fall of 1904, however, a disagreement arose on Cabin Creek with regard to the interpretation of that clause of the joint agreement relating to the check-off. The miners claimed that an unlimited check-off was provided for, whereby union dues were to be collected through the company offices not only from regularly enrolled members of the union but from all men employed in and about the mines, whether members or not. The operators denied that such was the correct interpretation and urged that the dispute be submitted to arbitration as provided by the joint agreement for the settlement of disputes. The union, however, refused to arbitrate and called a local strike. It lasted only about ten days and resulted in the union losing all of its organization on Cabin Creek, though control was retained in other parts of the Kanawha district.

Immediately upon the defeat of the union, the Cabin Creek operators employed four men to act as mine guards. These guards served the double purpose of preserving order and preventing any union organizer or agitator from coming up the creek. In order to increase their efficiency, the sheriff of Kanawha County created them deputy-sheriffs, though they continued in the employ of the Cabin Creek operators and received their pay from them. These men lived on terms of intimacy with the miners, joined in their sports and soon came to be regarded as residents.

In the unionized part of the district there were no mine guards. The widely-accepted belief that their presence on Paint Creek was the cause of the recent trouble is wholly erroneous, for there had been no guards on that creek prior to the beginning of the strike. Two constables and one deputy-sheriff were the only peace officers in that part of the district and they had no connection with the operators other than that which arose in the performance of their official functions.

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These conditions remained practically unchanged until the spring of 1912. Since the recognition of the union by the Kanawha operators in 1902, wages in the district had been raised about seven per cent, except on Cabin Creek where under non-union operation smaller wage advances had been granted. The check-off, which during earlier years had been in effect in the union mines, had gradually disappeared and for several years prior to 1912 had not been in effect at all.

The joint agreement of 1910 was to expire on April 1, 1912. It had been the custom in years past for representatives of the union and of the Kanawha Coal Operators' Association to meet in joint conference during February or March preceding the expiration of the old agreement, for the purpose of effecting a new one. At the request of the union the meeting for 1912 was postponed until the operators and miners in the other four states of the central competitive field had concluded their new interstate agreement, which that year had been delayed. A conference had been held earlier in the year at Indianapolis, but so urgent was the demand of the miners for higher wages and so strenuous was the resistance of the operators that an adjournment was necessary before any agreement had been reached. A second meeting was held in Cleveland from March 20 to 30, and there after a final struggle the operators were forced to grant an increase of five cents a ton for coal miners and an advance of 5.26 per cent for inside day labor.

The miners in the Kanawha district immediately formulated their demands and presented them to the operators on April 8, the opening day of the Kanawha Joint Conference. The following were the most important: (1) the Cleveland wage advance; (2) a uniform work day of eight hours;[1] (3) pay every two weeks; (4) an unlimited check-off.[2]

The operators refused to grant the demands, but offered to renew the old scale and the old conditions. Finding the operators firm in their refusal, the union dropped all its demands except that for the Cleveland wage advance. This too was

[1] This had been in effect in the northern fields since 1898.

[2] Record etc., p. 931.

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refused and a third offer was made by the miners, to accept the old scale if a check-off was given. The mere collection, at the source, of union dues from all employees in and about the mines appears on the surface to be a relatively unimportant request; but to the union it is frequently a matter of the utmost importance. While the excitement of the strike keeps the miner's interest centered in the organization, he needs no incentive to loyalty; but when the difficulty has been adjusted and he sees others, not members of the union, enjoying the benefits of the same wage scale and the same conditions of employment which he enjoys, yet paying no dues, his enthusiasm wanes. The check-off is as a rule one of the last demands to be granted by operators, and this occasion proved to be no exception. The demand was refused; no further concessions were made by either party; and on April 18, negotiations were concluded.

On the following day a strike was called throughout the Kanawha district and all mines except those on non-union Cabin Creek were closed down. There was no violence, however, and but little excitement. On May 1, a compromise settlement was made by all union operators except those on Paint Creek. Both sides agreed to an advance of one-half the Cleveland scale, and work was resumed at all except the Paint Creek mines. The operators on that creek refused to be parties to the settlement on the grounds that with non-union Cabin Creek so near, and with long-term contracts for the delivery of coal at specific prices having several years yet to run, they could not afford to diminish the already narrow margin of safety between cost of production and selling price.

With the trouble thus localized on Paint Creek, both sides began to prepare for a struggle. The miners armed themselves with guns of almost every description. Those men who refused to join in the strike were frequently threatened and intimidated, and in some cases assaulted, and veiled hints were thrown out as to the violence that would result if mine guards were imported. In order to guard their property, to protect those who continued at work and to make possible the operation of the mines through imported labor, the operators contracted with the Baldwin-Felts Detective Agency for men to act as mine watchmen or guards.

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As was naturally the case in the employment of men whose occupation was of such dangerous character, some were secured who were unfit to serve in that capacity. Their bravery cannot be denied, nor can their loyalty and efficiency in serving their employers' interests be questioned, but the fact remains that their presence was the direct cause of much of the violence which followed. A few of the guards had criminal records and there was occasionally one who was able to boast that he had "killed his man."

The miners resented the importation of guards, and especially the domineering demeanor assumed by many of them. Not until after their arrival was any violence committed. But for their presence it is probable the subsequent acts of violence would have been less serious than they were. Yet on the other hand the companies were entitled to adequate protection against the threatened destruction of their property, a protection which the civil police authorities consisting of a single deputy sheriff and two constables were unable to afford.

On May 7 the first assignment of guards arrived, and immediately the attitude of the miners became more threatening. A delegation of their leaders waited upon the operators and requested that the guards be sent away, disclaiming any responsibility for violence if they remained. Their request was not granted.

In the meantime the striking miners had continued to occupy the companies' houses, without expense, as no rents had been collected since April 19. Though the strike had been in progress for three weeks they had not signified any intention of moving from the property. About the middle of May the companies served the first eviction notices, and at the same time, in order to cause as little inconvenience and suffering as possible, made the two following offers to those miners who were willing to leave the property of their own accord: (1) to deliver their household goods on board cars, and prepay transportation charges to any point selected in any union field in the state, and including, if desired, the railroad fares of the miners and their families; (2) to store their household goods in a safe place for a reasonable time and to ship them

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freight prepaid to the place selected by the owner in any union field within the state.

Though their proposal seemed to savor somewhat of diplomatic expediency, that fact must not detract from the essential fairness and generosity of the offer. Many families availed themselves of this opportunity to leave the strike district. However, the union leaders urgently appealed to the miners to remain in the houses until evicted. Many of them yielded to their appeals and continued to occupy the houses. Though the notices were served about the middle of May, the majority of the evictions did not occur until the latter part of June. After the evictions, the miners encamped at Holly Grove near Paint Creek Junction, where they were provided with food and shelter at the expense of the union.

Actual hostilities began at Mucklow on May 29, with an attack upon the mine guards by miners concealed in the hills surrounding the town. The main offices of the Paint Creek Collieries Company, one of the largest companies in the strike district, are located at Mucklow. Against these, the assaults were frequent and violent. A prolonged period of violence, disorder and anarchy followed this initial act of hostility.

The following week there was a fight in the woods near Mucklow, resulting in the killing of an Italian, who was an employee at a union mine located some twenty miles distant from the strike district. As in this case, it was a frequent occurrence for the vicious and discontented employees of other and remote mines to congregate at those places where the disturbances were most severe.

So serious did the trouble become that the operators thought it necessary to build a fort and to station a machine gun at Mucklow. On July 23 the first company of the state militia was brought into the field. It was thought one company alone could control the situation. The remaining companies attended the federal encampment at Mt. Gretna, Pennsylvania.

But during the week the miners planned a big demonstration against Mucklow. Large numbers of men came in from the union mines across the river, and these, together with the striking miners encamped at Holly Grove, completely surrounded the

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town. Pickets were stationed to prevent any of the besieged from leaving. On the evening of July 25 two guards were riding on a railroad bicycle a short distance from the town when by accident they came upon a party of these pickets who fired upon them, killing one and wounding the other.

On the following day some of the miners attacked the town itself, turned cars over and burned tipples. Upon the sheriff's call for aid, Governor Glasscock ordered the entire state militia to take the field. These were hurriedly rushed on special trains from Mt. Gretna to the strike district. The miners accorded the soldiers generous welcome. They hoped the presence of the soldiers would effect the discharge of the mine guards, whose employment was so obnoxious to them. Although the guards were not at that time removed, comparative quiet was for the time restored on the creek.

The union agitators then turned their attention to Cabin Creek, and made an effort to induce a strike by the miners there employed. Although naturally interested in the result of the struggle on the neighboring creek, the Cabin Creek miners evinced no great desire to quit work. Little dissatisfaction existed there. The efforts of the operators to keep all agitators off the creek proved unsuccessful. They came and by means of fluent and flamboyant invectives and misrepresentations soon began to arouse the passions of the Cabin Creek miners. Finally, on August 6, "Mother" Mary Jones, the "Miners' Angel," who had only recently arrived upon the scene, in a speech delivered at Eskdale on Cabin Creek made a strong appeal to the men to quit work. Many immediately did so. No demands whatever were made upon the operators for higher wages or more favorable conditions of employment. The men simply laid down their tools. Many remained at work and some of those who did strike admitted that they had done so more through fear than through dissatisfaction. One of the Cabin Creek operators sent around to his men a questionnaire requesting them to state their complaints, and ninety per cent of those who replied said they were not dissatisfied.[1] Through

[1] Record, etc., pp. 1447–1449.

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distortion of facts, the union agitators had so aroused the passions of the miners that men who were usually cool-headed threw all self-restraint to the winds and followed these leaders with the blind faith of children. Violence was not long in making its appearance on Cabin Creek.

On August 16 Governor Glasscock issued a peace proclamation commanding all persons in the strike district to keep the peace, and abide by the laws of the state. This order had no perceptible effect, for rioting and blood-shed continued unchecked. The Governor urged the proper officials to convene a special grand jury to investigate conditions in the Kanawha district. His request met with no substantial response. The arm of the law was apparently paralyzed.

The newspaper accounts of the strike were so unreliable that the Governor on August 28 appointed a commission to make a thorough investigation of the whole disturbance, that the public might be informed as to the true conditions. This commission was composed of the Rt. Rev. P. J. Donahue, a Catholic Bishop, Captain S. L. Walker of the state militia, and Hon. F. O. Blue, state tax commissioner.

The temper of the strikers was slowly approaching white heat. In order to protect their property, the operators had installed four machine guns, one on Paint Creek and three on Cabin Creek, and in addition had employed secret service men from the Baldwin-Felts and Burns detective agencies. They mingled with the strikers and kept the operators forewarned of all impending outbreaks.

Despite all the efforts of the agitators to close down the Cabin Creek mines, many still remained at work. A great demonstration was therefore planned by the union forces to compel these men to join in the strike. On the evening of September 2, forces were gathered from the camps of the striking miners, from union mines across the river and elsewhere, and these men in large numbers went into the woods along Cabin Creek, intending on the day following to drive out all working miners at the head of the creek where the most of the mines are located. It is estimated that 1500 armed men were assembled in the hills that night. The operators, fully aware of their intentions, sent

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the women to the cellars, and prepared to defend themselves and their property as best they could.

Such were the conditions on the night when Governor Glasscock issued his martial law proclamation and created a military commission to serve as a substitute for the criminal courts of the district.

The operators strenuously opposed the declaration of martial law, claiming that they were able to cope with the situation themselves. The union officials, however, were strongly in its favor, for through it they hoped to eliminate the guard system.

Upon the declaration of martial law, the militia assumed entire control of the strike district. They disarmed both mine guards and miners, and brought before the military commission for trial all violators of law and order. Under their régime peace and quiet were soon restored. There were 39 guards on Paint Creek and 110 on Cabin Creek, but with the soldiers in absolute control of both creeks the services of the guards were no longer needed and they were immediately dismissed by the companies. Nor did these men return to serve in the same capacity, for other provisions were made later for the protection of the companies' property.

On September 11, Governor Glasscock attempted to effect a settlement of the difficulty by submitting to both parties proposals for the arbitration of all points in dispute. The miners agreed to the Governor's terms, but the operators, especially those on Cabin Creek, were firm in their refusal to meet the union's representatives, on the ground that the only question at issue was the recognition of the union, which in their opinion was not a subject for arbitration.

Despite the failure to effect a settlement, conditions became much more quiet during the martial-law régime. On October 14 the Governor deemed it safe to recall the proclamation. With the removal of the troops the question arose: how should the companies protect their property? The union officials themselves recognized the right of the operators to employ watchmen for that purpose. After several conferences a guard system, different from the old, was agreed upon. The operators submitted a list of names from which the officers who had com-

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posed the military commission selected those who, in their judgment, would be satisfactory to both parties. Two captains of the state militia were chosen to command the guards on Paint Creek, while those on Cabin Creek were put in charge of a major. None of the former Baldwin-Felts men were employed.

For a time the miners seemed to be satisfied with this "purged" guard system. As soon, however, as the operators began to import men to take the places of the striking miners, violence again broke out. In affording protection to these transportation men the new guards seemed to the miners to be working against their interests, and hatred toward them soon developed to as great a degree as in the case of the Baldwin-Felts guards. The guard system appeared to be as obnoxious to the miners as the guards themselves. On November 15 a through train from Cincinnati carrying two coaches of transportation men was held up for two hours at Cabin Creek Junction. It was not allowed to proceed until the cars containing the strikebreakers had been detached and run back to Charleston. Martial law was a second time declared and a new military commission created. Conditions immediately became more settled. By December 12 they were so far improved that the Governor issued an order removing martial law. This order was not published, however, for fear that violence would again break out.

The Mining Investigation Commission, appointed by the Governor, made its report November 27. It attributed the main cause of the strike to the efforts of the United Mine Workers to organize West Virginia. In discussing the "contributing causes" the commission reported as follows:

(1) Wages—at least equal to those in union states and in many respects better.

(2) Houses—"as comfortable as those of the average farm hand, or of those who live by other manual labor."

(3) Rents—"slightly excessive, but not exorbitant."

(4) Sanitation—"as good as could be expected in view of the location and other surroundings."

(5) Company stores—"in the districts under examination

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had charged more than a fair average figure in open market for any given article."

(6) Blacklisting—evidence "tending somewhat to establish the fact" that it had in some cases been employed.

(7) Guard System—"vicious, strife promoting, and un-American."

The report concluded with some suggestions for establishing a more perfect harmony between employers and employees and a recommendation for some form of legislation analogous to the Canadian Industrial Disputes Investigation Act of 1907.

By the first of the year, conditions in the strike districts were greatly improved and hope was entertained that a settlement would soon be effected. Early in February, however, violence again broke out. Acme and Ronda, Cabin Creek villages, were attacked on February 2 and 4 respectively. On February 7 Mucklow was again attacked and a bookkeeper of the Paint Creek Collieries Company was killed. A posse was formed and blood hounds trailed the attacking party to the strikers' camp at Holly Grove. Upon hearing of the shooting, the Governor ordered the sheriff to proceed at once to the scene of the trouble. A special train was provided by the Chesapeake and Ohio Railway, containing the box car, which earlier in the strike had been lined with steel and armed with a machine gun for the protection of the railroad's property. The posse, composed of the sheriff, several deputies, a Paint Creek operator and some special railroad officers, left Charleston at nine o'clock in the evening. Upon reaching Paint Creek Junction, they were warned not to proceed up the creek that night for there was a rumor that the train was to be fired upon. But the warning was not heeded. Just as the engine drew opposite Holly Grove, two shots were fired from the left. In an instant there was a general firing from the village and from the train. The machine gun was also brought into action and poured a steady stream of bullets into the camp. Strange as it may seem, the number of fatalities and injuries was very small. One man, a miner, was killed, and an old woman lying in her bed was shot through both feet. Almost every window in the train was shattered, but no one there was injured.

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On February 10,. attacks were made on Mucklow and Standard on Paint Creek, and Ronda on Cabin Creek. In the attack upon Mucklow two men were killed. Because of the general unrest throughout the whole district, martial law was declared for the third time, and not again withdrawn until June when the strike was practically settled.

On March 4, Governor Glasscock's term of office expired, and Governor Hatfield, his successor, assumed the burden of bringing about a settlement of the difficulty. For days he labored to effect a compromise satisfactory to both parties. At last, worn out by their petty complaints and disagreements, the Governor, on April 25, issued what was practically an ultimatum, that the "strife and dissension must cease within thirty-six hours". This had the desired effect, and within the specified time-limit both parties had agreed to the terms of settlement submitted by the Governor. The agreement was signed by representatives of the union and of the companies on Paint Creek and Cabin Creek. It became effective on May 1. The following were its chief provisions:

(1) A nine-hour day, which should be understood as nine hours of actual service, at the wage scale previously paid;

(2) Semi-monthly pay;

(3) A checkweighman to be provided where a majority of the miners requested one;

(4) Right of the miners to deal where they pleased without discrimination.

It was thought that a final settlement had at last been effected. Considerable opposition, however, soon developed on the part of the union because no check-off was granted, nor provision made for arbitration. At first the dissatisfaction did not assume alarming proportions, and on May 29, just one year after the first outbreak of the strike, Governor Hatfield authorized the civil authorities in the strike zone to resume their full jurisdiction. Martial law remained in this modified form until its complete revocation a few weeks later.

Dissatisfaction, however, with regard to the provision and operation of the agreement of May 1, increased to so great an

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extent that on June 29 the miners on Paint Creek and Cabin Creek declared another strike. A similar strike had been called on New River for July 1, but it was averted by a new agreement, signed on June 30, to be effective until April 1, 1915. The terms of the agreement of May 1 were accepted and in addition provision was made for an arbitration board of four members. Any decision signed by three of its members is to be binding. In case of a failure to agree, the Governor is to act as umpire; and his decision is to be binding on both operators and miners. Pending the decision of the board there is to be no cessation of work.

This second strike on Paint Creek and Cabin Creek was not of long duration. On July 15, the leading Paint Creek companies signed a new agreement to be effective until April 1, 1914. They again accepted the articles of agreement of May 1, and in addition granted the check-off, but with the provision that it should, at no time, exceed one dollar per day. Though the union was successful in its efforts to secure the check-off, the miners returned to work under a wage-scale essentially lower than that which had prevailed before the strike. No provision was made for an arbitration board. The following table will illustrate the differences between the old and the new scales:

	Old	New
Splint (hard) machine-mined coal in rooms	.31¼	.29
" " " " " " entries . . .	.35¾	.29
" " pick-mined "	.55	.51
Gas (soft) machine-mined coal in rooms.	.24¾	.25
" " " " " " entries	.29¾	.25
" " pick-mined "	.47½	.45

On July 29 a settlement was made on Cabin Creek to be effective until April 1, 1915. Terms very similar to those of the Paint Creek agreement were accepted, except that no check-off was provided. The wage for day-work was not advanced, but there was an advance for coal miners of from twelve to seventeen per cent. On this creek, however, as on New River, provision was made for the arbitration of all matters in dispute.

Thus ended an insurrection which had continued for a period of fourteen months. Thirteen lives were lost during the course

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of the strike. The cost in money was enormous: operators' loss in business $2,000,000; loss to the miners in wages $1,500,000; cost to the taxpayers of Kanawha county $100,000; cost to the United Mine Workers $602,000; property destroyed $10,000; total $4,612,000.[1] The union's membership in the state had increased from 2000, the figures for paid-up members prior to the beginning of the strike, to 4769 on November 30, 1913. These figures appear insignificant in comparison with a total of 20,000 miners in the Kanawha district and 70,000 in the entire state.

II

Before proceeding to a study of the causes of the strike it will be well briefly to review some of the fundamental questions and issues which arose during its course.

1. *The Guard System.*—As it existed prior to April, 1912, the guard system on Paint and Cabin Creeks had been the source of little or no dissatisfaction among the miners. On the former, where the strike had its origin, not a single guard had been employed until the beginning of the struggle. There had been four guards on Cabin Creek, however, since the strike of 1904. There is practically no evidence tending to show opposition to these men. They mingled freely with the miners and were generally regarded as residents.

Though the guard system was not the cause of the strike, it was without doubt the immediate cause of the fight. The guards, who were hastily imported by the operators to protect their property and make possible the operation of the mines, were men rough, aggressive and arbitrary. It was protection that the companies wanted. The operators accepted the men whom the Baldwin-Felts Agency sent them and asked no questions. Some were residents of other states imported in obvious evasion of the spirit and letter of the law. The companies, however, were strict in their requirement that none of the guards should drink, and there is positive evidence that several were discharged for this offence.

[1] C. F. Carter, *North American Review*, October, 1913, p. 469.

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Of the bravery of the guards and their reckless disregard of danger there can be no doubt. They knew no fear, were quick to act, and zealous in the performance of duty. Frequently their acts and language were unnecessarily rough and abusive, but the zealous agitator and imaginative reporter so exaggerated and enlarged upon their misdeeds that the whole nation shuddered when it read of the atrocities daily enacted in "Russianized West Virginia."

The injustice of permitting mine guards in the employ of the operators to act as deputy-sheriffs, enabling them to serve one master while clothed with the authority of a second, was recognized by the state legislature of 1912-13. The former law was amended so as to make unlawful the appointment of "any deputy or deputies to act as, or perform any duties in the capacity of, guards or watchmen for any private individual, firm or corporation."[1]

2. *Evictions.*—The operators were essentially fair and generous in their offers to move any of the striking miners, their families and property, free of charge, to any union field in the state or to store their goods for a reasonable time and ship them later. These offers were made on two different occasions, once at the time of serving the eviction notices and again when the evictions were to occur.[2]

Many families availed themselves of this offer contrary to the expressed desire of the union officials. The mine guards promptly evicted those who refused to vacate of their own accord, moved their property to the nearest point in the county road and left it there. The companies' orders were very strict that in no case where there was sickness in the family was the eviction to take place. Nor is there any evidence tending to show that the orders were disobeyed. Camps for those evicted were established at Holly Grove and Mossy on Paint Creek, and at Eskdale on Cabin Creek. The union provided food and shelter and there many miners and their families passed a long, hard winter. Quite frequently, malcontents from other mines

[1] Section 11, chap. 7 (serial section 187) of 1906 code.

[2] Record etc., *cit. sup.*, p. 1303.

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made these camps their headquarters, and from them emanated much of the violence that followed.

Prior to the strike all evictions had been effected by the civil authorities. If they had been employed during the trouble, much unnecessary feeling would have been averted. The operators, however, preferred the direct action of the mine guards to the slow-moving legal process of "unlawful detainer." Irrespective of the legality or illegality of evictions by mine guards, it is unfortunate that other methods were not employed.

3. *Transportation of Men—Peonage.*—The loss of so many men through the strike made it necessary for the companies either to fill their places as soon as possible or to close down the mines. They sought labor in near-by states and in many of the large cities of the country. They brought men from New York, Philadelphia, Cleveland, Chicago and St. Louis. The transportation shipments were especially large during November, 1912. In that month a single agency in New York City shipped 621 men to one of the Cabin Creek companies.[1] Representatives of the agencies or of the coal companies accompanied them and special officers always met them at either Paint or Cabin Creek Junction to afford protection against the violence of the strikers.

There is some evidence tending to show that persons were induced to go to the district to work upon misrepresentation and misinformation furnished by employment bureaus. But the charge that these men were forced by the operators to remain at work against their will is without foundation. Not a single case was found where any one had been prevented from leaving whenever he chose. Many in fact did leave, and at the time of their departure some of these were in debt to the company. Investigation of the charge of peonage was made by an official of the United States Department of Justice, by the German Vice Consul at Cincinnati, by the Italian Vice Consul from the Norfolk and Western Railroad, and finally by a sub-committee of the United States Senate Committee on Education and Labor. By no one of these investigating bodies was there found any proof of the charge of peonage.

[1] Record etc., pp. 1835-6.

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4. *Violence of the Miners.*—The violence on the part of the miners can be traced to three main causes: the guard system, the importation of strike-breakers, and the harangues of the agitators. The first affected the miner's pride and offended his spirit of independence. The second endangered his very means of subsistence. But it was the campaign of wilful exaggeration and misrepresentation, of fiery invectives tending to incite riots, that aroused the passions of the miners and afforded the direct incentive to subsequent violence. Though the union made little, if any, attempt to curb its agents, there is no doubt that the higher officials deplored and opposed the violence and bloodshed which frequently resulted from their inflammatory language. There is, however, considerable testimony tending to show that words inciting to violence were spoken from the same platform on which certain of the union district officials sat, and that violence itself was actually committed before their eyes without protest from them.[1]

Head and shoulders above all the other agitators in ability and forcefulness stands "Mother" Jones, the heroine of many similar strikes. Her eighty years or more have not dimmed her eye, weakened the strength of her personality or tempered the boldness of her language. She is the woman most loved by the miners and most feared by the operators. Her thoughts are expressed in language both picturesque and striking. She knows no fear and is as much at home in jail as on the platform. In either situation she wields a greater power over the miners than does any other agitator.

It would be impossible to relate in detail the various incidents of the reign of terror which existed on Paint and Cabin Creeks from May, 1912, to the end of July, 1913. Men, women and children in the various coal towns were fired on from ambush by rioting strikers. Trains were attacked, passengers interfered with and assaulted, and train crews intimidated. Non-union men or those suspected of being such were frequently beaten.

The operators had armed the mine guards with Winchesters

[1] Record etc., pp. 898–902, 1192–1194.

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and machine-guns of the latest pattern, but the arms of the miners were more varied and nondescript. The following statement of guns and ammunition handled by the O. J. Morrison Department Store Company of Charleston for the year 1912 is of interest: [1]

Date, 1912	Articles	Number	Date, 1912	Articles	Number
March 27,	Springfield rifles,	100	April 1,	Cartridges,	500
April 25,	" "	"	April 25	"	1000
May 3,	" "	"	May 17,	"	2000
May 17,	" "	"	June 8,	"	2000
June 8,	" "	"	June 24,	"	2000
June 24,	" "	"	June 27,	"	2000
July 11,	" "	"	August 5,	"	3000
July 25,	" "	"	August 20,	"	2000
August 5,	" "	"			
August 16,	" "	"			
Total		1000			14,500

It will be seen that 300 rifles and 1500 cartridges were received prior to May 7, the date on which the first guards were brought to Paint Creek. By May 29, the date of the first outbreak, this number had increased to 400 rifles and 3500 cartridges. Likewise it will be noted that after the declaration of martial law on September 2, no shipments were received.

The following is a list of the firearms and ammunition taken by the military authorities from both sides in the martial law zone: [2]

Rifles and shotguns.	1872
Colt automatic machine-guns.	6
Revolvers and pistols	482
Ammunition (rounds).	163,300

This represents only a portion of the armament that existed in the strike zone; for hundreds of guns were concealed in the hills when martial law was declared. It is estimated by the military authorities that a similar quantity of guns and ammunition was in the hands of miners employed at union mines in other parts of the Kanawha district.

[1] Record etc., p. 2172.

[2] *Ibid.*, p. 80.

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5. *Socialism.*—A strike district is always a fertile field for the dissemination of socialistic doctrines. The fierce political campaign in progress during the fall of 1912 afforded socialist orators many opportunities to deliver speeches before crowds of restless miners. Directly to their inflammatory utterances can be traced much of the bitterness that characterized the attitude of the miners toward their employers. Both "capitalism" and "churchism" were singled out as special objects of ridicule and contempt. So well did the agitators utilize these opportunities to inveigh against the causes assigned by them for the unrest and dissatisfaction prevailing among the miners, that of the 16,000 voters in Kanawha county 5000 cast their ballots for Socialist candidates.

Even the constitution of the Mine Workers' Union bears the stamp of socialistic influence and tendencies. Until the national convention of 1912 the preamble contained the following declaration of the union's policy with regard to the share of the product which should accrue to the laborer: "Those whose lot it is to toil within the earth's recesses . . . are entitled to . . . an equitable share of the fruits of their labor." At the convention of 1912, a motion was made to strike out the clause "an equitable share of the fruits of their labor" and substitute the "full social value of their product." After a bitter fight upon the floor of the convention, the motion was adopted and the second clause now appears as part of the avowed policy of the union.

It is unfortunate that such an extreme declaration should have crept into the constitution of an organization whose design and purpose, looking toward the betterment of conditions of employment for all miners, is justly deserving of complete consummation. The mere declaration of such a policy in its constitution gives recognition and sanction to the contention urged by many of its members, including some minor officials, gradually to impose such conditions as will ultimately cause complete control of mine operations by union laborers and the destruction of the property rights of the present owners. The operators and owners will therefore resist to the utmost an organization which seeks to attain these objects.

6. *Martial Law.*—Much has been said and written concern-

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ing the arrest, trial and imprisonment of citizens of the United States by methods alleged to be contrary to, or in violation of the Constitution or laws of the United States.

The military commission created by the governor under each martial-law régime was clothed with a broad jurisdiction and almost unlimited powers. Its form of procedure followed that of the United States military courts. Sentences could be either lighter or heavier than those under civil law. In fact a number of the offences for which men were sentenced to the penitentiary for from two to five years were misdemeanors under the civil code punishable by fine and imprisonment in jail for a period not to exceed twelve months.

Nor was the military commission exceeding its authority in imposing such sentences. It was acting under the orders of the governor, who by the constitution of the state is the commander-in-chief of the military forces, and by statute is given authority to prescribe the powers and jurisdiction of a body of his own creation for the trial of certain offences. These forces when assembled by order of the commander-in-chief in time of war, insurrection, invasion or public danger are governed and controlled by the same regulations and may exercise the same authority within the state as may the army of the United States. The General Orders[1] creating the military commissions authorized the imposition of "such sentences, either lighter or heavier than those imposed under civil law as in their judgment the offender may merit," subject, however, to the approval of the commander-in-chief.

The civil law had failed to preserve order; the entire strike district was an armed camp. Drastic measures were therefore necessary to compel obedience to the laws of the state. The creation of a military commission, though clothed with plenary power, was not for the purpose of asserting the dominance of the military over the civil authority. Its paramount purpose was to supplement the latter wherein it had failed. Governor Glasscock testified before the Senate sub-committee that those found guilty were sentenced to imprisonment for the moral effect

[1] Record etc., p. 77.

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and not that they should be imprisoned during the full period fixed by the military commission. That such was the real purpose is proved by the fact that conditional pardons were granted to all prisoners as soon as conditions warranted that course. In one instance only was the parole violated. But whatever the justification, the fact remains that martial law with its trial by a military commission accomplished in a few days what the civil authorities had for months failed to accomplish, namely, the restoration of peace and order.

So violent, however, was the opposition of the strikers and agitators to the position of dominance which had apparently been assumed by the military, that two test cases were brought before the supreme court of the state to determine the legality of such measures.

In the first case, two striking miners, L. A. Mays and F. S. Nance, confined in the state penitentiary under sentence of the military commission, sought discharge and liberation upon writs of habeas corpus issued by the supreme court of the state. The court rendered its opinion on December 19, 1912, and with one dissenting vote, held that the petitioners were in lawful custody, and remanded them to the prison. Thus in effect the court affirmed the legality of martial law and the military commission.[1]

The second case involved the right of the military authorities acting under the order of the governor to detain in custody, without trial, those participating in, and those inciting riots. Four persons, "Mother" Mary Jones, Charles Batley, and Paul J. Paulson, agitators and organizers, and Charles H. Boswell, editor of the *Labor Argus*, a Socialist paper published in Charleston—all of whom had been arrested by the civil authorities without the strike zone upon warrants charging rioting and incitement to riot, and had then been turned over to the military authorities and detained by order of the governor—sought release on writs of habeas corpus on the ground that they were illegally detained in custody. In a decision rendered March 21, 1913, the court with the same judge dissenting, held that those inciting to riot and those participating in riots, and detained by

[1] State *ex rel.* Mays and Nance *v.* Brown, 71 W. Va. 519.

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the governor's orders but not convicted by the military commission, were properly and therefore not illegally detained in custody.[1]

It was frequently charged during the strike and since that the writ of habeas corpus had been suspended in the strike district. These decisions in themselves constitute a refutation of the charge. Even no less a person that Mr. Gompers is apparently unmindful of the fact that labor's own representatives were brought before the highest court in the state on the very writs whose suspension he so vigorously affirmed.[2]

The question, however, which concerns us is not the legality or illegality of these acts. The court has held that they are legal, and this decision will remain the law of the state until reversed by the same court or disapproved by the federal Supreme Court. We are rather concerned with the causes leading up to and making necessary these acts.

The one fact that stands out prominently in this strike is the weakness of the civil authorities in the administration of the law. During the entire period the courts of the county were open for all business except that pertaining to the strike. Had a determined stand been taken by the county officials in the earlier outbreak, much of the later violence might have been averted. The men grew bolder as threats and minor disturbances passed unpunished and apparently unnoticed. The grand juries did not fail to consider evidence presented for their consideration, nor to indict when the evidence was deemed sufficient. Nor was the sheriff ever interfered with in the serving of legal process. But, so far as appears, but little attempt was made to bring strike offenders to justice.

The repeated requests of the Governor for the calling of a special grand jury were of no avail. During the six weeks in which the state troops were assisting the civil authorities prior to the first declaration of martial law, much evidence was collected by the military and placed at the disposal of the civil authorities. The military officers urged the necessity of the im-

[1] *In re* Mary Jones *et al.*, 71 W. Va. 567.

[2] "Russianized West Virginia;" Samuel Gompers, *American Federationist*, October, 1913.

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mediate use of such evidence; but nothing was done with it. It was claimed that the grand jury would not indict, because of the partisan feeling prevalent in the county. The attempt, at least, should have been made. It was both difficult and improper to forecast what action a grand jury might take upon the evidence, if submitted to it.

It was further contended that even if indictments were returned, a fair trial could not have been secured, because, as was claimed, the citizens of the county had formed an opinion upon the subject one way or the other. Granting that the feeling was tense, it is difficult to conceive inability to secure a fair and impartial jury out of an available population of 60,000 outside of the strike zone. A civil-law jury would no doubt be at least as impartial as a commission of military officers.

The authority existed, the courts were open, but the arm of the law was paralyzed. When it was seen that the civil authorities would not cope with the situation, the Governor was justified in taking stern measures.

But even at a time of such insurrection a compromise might be more effective. There can be no doubt that the military forces numbering 1200 men are better able to secure evidence than the sheriff and a few deputies. Also, less opposition to the state's civil authority would develop in such cases if trials were conducted in regularly constituted civil courts. The presence of the militia at times of insurrection is absolutely essential to the preservation of law and order. Would it not be possible, therefore, at least during the early days of the disturbance, to utilize their greater facilities for securing evidence for trials before civil courts? By changes in the state constitution and statutes granting authority to the governor to appoint a military commission prior to a declaration of martial law, to secure evidence for presentation to a grand jury, and to compel its utilization, a recurrence of such unfortunate conditions as those existing during the recent strike might be averted. If this provision did not meet the needs of the occasion, there would still remain recourse to martial law, but with the difference that all preventive measures would have been taken before such declaration.

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III

Let us turn from the consideration of the strike itself to a study of the causes which led to it. We will deal first with the general conditions of employment as they existed before the struggle commenced.

1. *Wages.*—The subject of wages is always of first importance. The miners' wage scale on Paint and Cabin Creeks is fixed upon a tonnage basis ranging between 25 and 55 cents a ton. The rate is determined according to the conditions under which the miners work. Due allowance is supposed to be, and generally is, made for the method of mining, the nature of the coal, the thickness of the vein etc., so that all miners may have as nearly equal opportunities as possible. For pick-mined coal the rate averages above 40 cents a ton.

The following statement shows the average earnings per day for miners and day-laborers employed at three of the largest mining operations on Paint and Cabin Creeks. These companies operate one-third of the mines on both creeks:

	Miners	Day men
Paint Creek Collieries Co., 10 mines,[1]		
May 1, 1911–April 30, 1912.	$4.00	$2.15
Standard Coal Co. (Paint Creek),[2]		
Jan. 1, 1912–April 15, 1912.	3.69	2.25
Cabin Creek Consolidated Coal Co., 9 mines,[3]		
Jan. 1, 1912–June 30, 1912.	3.94	2.11

The number of days worked by each man ranges from 11 to 24 days with an average of 17 days per month. The average miner so employed was thus earning between $60 and $70 a month during the period immediately preceding the strike.

Though West Virginia is for the most part a non-union state, the average annual earnings of the miners employed in the state do not suffer in comparison with the earnings of miners in union states. The following table prepared from reports of the federal Bureau of Mines and the Geological Survey, gives the average annual wage earned by each miner in the states of West

[1] Record etc., *cit. sup.*, p. 1050.

[2] *Ibid.*, p. 1359.

[3] *Ibid.*, p. 1237.

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Virginia, Illinois, Pennsylvania (anthracite and bituminous), Indiana and Ohio.[1]

	1910	1911	1912
West Virginia	$573 94	$570.48	$618.52
Illinois	497.71	498.09	556.33
Pennsylvania (a)	543.88	573.06	——
Pennsylvania (b)	572.72	583.91	——
Indiana	715.32	Not available	596.15
Ohio	486.50	"	——

It will thus appear that the average annual wage of the West Virginia miner is as good as that of miners in other states of the central competitive field. Two important factors, however, must not be overlooked. First, the nine or ten-hour day in West Virginia gives a longer working period than the eight-hour day in force in the northern states since 1898. Second, though the wage per ton in West Virginia is much lower than that of other states, the easier mining conditions, larger coal veins, and softer coal, enable the miners in the former state to mine a greater tonnage than their neighbors to the north. The poorest miner in West Virginia can load seven tons a day; the average miner between eight and ten tons. A Cabin Creek miner testified that he could "make $100 easy enough by putting in eighteen days a month or twenty."[1] One of the transportation men testified: "If I was diligent to work, I had one day when I load twenty tons and 1800 pounds."[3] That particular miner happened to be working on a scale of 35 cents per ton, giving him a wage of over $7.00 for that day. While such examples of industry and successful mining are exceptional, they are nevertheless of interest as indicating the ease with which the West Virginia coal can be mined if the desire to work is present.

Prior to the strike, payments of wages were made semi-monthly on Paint Creek, monthly on Cabin Creek. The injustice of the latter method is too obvious to necessitate discussion. It is a matter for congratulation that, as a result of the strike, wages on Cabin Creek are now also being paid every two weeks.

[1] Record etc., *cit. sup.*, p. 1657.

[2] *Ibid.*, p. 1013.

[3] *Ibid.*, p. 1024.

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Regular payments were made in cash, not in scrip as has frequently been claimed. Scrip is a form of company money, designed to enable the miner to draw the equivalent of money earned by him but not yet due. It is used by the miners when without ready cash, and is good only at the company store. It may, however, be exchanged for currency at a discount of about ten per cent. Its use becomes almost a necessity when payments are made only once a month. In effect it compels the holder to deal at the company store. But at times the scrip is a substantial convenience. The shorter the interval between pay days, the less the danger of abuse and the greater the probability that the advantages will outweigh the disadvantages. It is frequently employed by the mine officials themselves as a convenient medium of exchange at the store.

Much has been said in regard to the refusal of the operators to permit checkweighmen to be placed at the tipples. Like many of the charges advanced by the agitators, this one was largely for effect on the temper of the miners and the credulity of the public. Many of the companies have had checkweighmen for years. There is a state law requiring the operators to permit the placing of such men upon the demand of the majority of the miners employed at any mine. No evidence was presented tending to show that the employers had ever refused to grant the demand when made. On the other hand it was proved that the miners had frequently objected to the employment of a checkweighman, owing to the fact that his wages must be paid by the men whom he thus protects. From the standpoint of fairness and justice, however, it is highly desirable that a check be placed upon the company weighman. It tends to remove many real or fancied sources of dissatisfaction.

2. *Hours of Labor.*—The length of the working day on Paint Creek was nine hours, on Cabin Creek ten hours. That this disparity could easily become a source of discontent is obvious. The guarantee of the nine-hour day on both creeks, however, as a result of the strike, is distinctly a progressive step.

3. *House Rents.*—The majority of the miners do not own the houses in which they live. They occupy those built and owned by the company they serve. In many instances such arrange-

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ment is unavoidable. Where mines are developed in new and unsettled regions, the company must, before beginning operations, construct homes for its employees. Operators who lease from absentee owners are frequently under a similar necessity because there is no convenient private property for rent or purchase for that purpose.

Some of the houses, especially in the older districts, are unfit for occupancy, but the newer buildings are reasonably comfortable. Some are even lighted with electricity. With each house there is a plot of land which the occupant can cultivate if he so desires.

The rents are high, but not excessive. A four-room house, the average size, rents for $6 a month, or $1.50 a room; others at a proportionate rate, depending on size. From July 1, 1911, to June 30, 1912, the Cabin Creek Consolidated Coal Company, owning some 817 houses having 3548 rooms received an average rental of $5.73 per house or $1.32 a room.[1] Some of the companies make a profit, while others barely meet expenses.

Under the "company house" system it was inevitable that abuses should creep in. A sort of paternalistic management has developed and become the source of much dissatisfaction. Especially in non-union districts the operators have maintained an espionage distasteful to any American citizen.

It is sometimes agreed that conditions would improve if miners owned their own homes. There are many arguments in favor of such a course, but the fact must not be overlooked that the majority of these mining villages are temporary and entirely dependent upon the life of the mines. The purchase of homes under such circumstances might lead to the waste of hard-earned incomes through investments in property the value of which depends on such unstable conditions.

4. *Company Stores and General Social Conditions.*—There are three sources from which a mining company seeks to make a profit on its total investment—from the mines, the houses and the company store. The same conditions that made necessary the building of houses for the miners have made equally neces-

[1] Record etc., *cit. sup.*, p. 1236.

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sary the presence of the company store. It meets an urgent need in regions with but slight development and few conveniences independent of the mining operations.

Under cover of such necessity, however, many abuses have from time to time arisen. Compulsory dealing and not infrequently overcharging are the main objections urged against the store management. During the years immediately preceding the strike, however, conditions were much better than in previous years.

The companies on Paint and Cabin Creeks have not been equally guilty of these abuses. Although there is rarely any direct compulsion to deal at the company store, the very fact that the nearest "independent" is, as in some cases, five or six miles away, tends to serve the same purpose. Nor are the operators as much to blame for this condition as the absentee land owners who lease to them. There is, however, little or no doubt that the trend of prices at the company store, a matter directly under the control of the operators, is higher than prices in the "independents." Probably the most flagrant example of overcharging relates to powder, an indispensable commodity in every mine. One Paint Creek company purchased it at the wholesale price of $1.12½ a keg but sold it at $1.75, a profit of 62½ cents or 55 per cent.[1] No excuse or justification for such overcharges can be made. With regard to other commodities, the prices generally range slightly above those of the independent stores, though occasionally below.

Peddlers and hucksters, however, were not prohibited from selling their wares on the creeks, nor was there any testimony tending to show that there had been any discrimination against those who patronized them. In addition it must be remembered that miners could secure credit at company stores when they might not be able to obtain it at independent stores. Moreover, it is proper to note that the company stores sustain heavy losses every year from bad accounts. From March 1, 1911, to March 1, 1912, the Paint Creek Collieries Company charged off $3,438.85 of such accounts.[2]

[1] Record etc., *cit. sup.*, p. 1051. [2] *Ibid.*

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The operators on both creeks, especially those on Cabin Creek, have evinced a genuine interest in the welfare and happiness of their miners. They have given building sites for schools and built or assisted in the building of churches and contributed to their support. The public schools in the district are open for terms of six months, and are as good as any rural schools in the state. In addition, a new high school building has just been completed on the main line of the Chesapeake and Ohio Railway, between Paint and Cabin Creek Junctions.

Every effort possible had been made by the operators to prevent the sale of liquor to the miners. In order to rid the district of a saloon which had been doing an annual business of $48,000, the chief Cabin Creek companies joined in the purchase of a small tract of non-coal land twenty-five acres in extent, for which they paid the sum of $40,000. Upon the land thus acquired was erected the first white miners' Y. M. C. A. in the United States. The companies contributed toward its erection and today furnish the salary of the secretary as their contribution toward its maintenance. The membership dues are twenty-five cents per month. This payment secures to the members access to the reading-room, shower baths, swimming pool, pool table and general lounging room, where the men can talk or play games. A slight additional charge is made for the use of the bowling alleys. The Y. M. C. A. has been of great service to the miners. Mining classes have been organized and regular instruction has been given. Lectures on health and sanitation are frequently given by the company physician.

Though far from perfect, the sanitary conditions in the mining districts are as good as could be expected in such regions. There is no public sewerage, but free lime can be procured from the company upon request, and the company physicians keep close watch over the general health of the community.

Such were the general conditions in and about the mines on Paint and Cabin Creeks as they existed prior to the strike of 1912–13. There were some grounds for dissatisfaction, but not until the beginning of the strike and the opening of the campaign of wilful exaggeration and misrepresentation on the part of both union and socialist agitators, did the unrest assume alarming proportions.

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5. *Competition Between Different Coal Areas.*—Let us now turn to a consideration of the nature of the competition between the West Virginia coal and that of the northern fields, and endeavor to ascertain if the fundamental cause of the strike is to be found, as the West Virginia operators allege, in the efforts of the United Mine Workers to unionize West Virginia in accordance with an agreement which has existed since 1898 between the union and the operators of Western Pennsylvania, Ohio, Indiana and Illinois.

The competition of the West Virginia coal was first felt in the early nineties when its superior quality and low price began to attract the attention of buyers. Since that time the northern operators have seen the non-union coal gradually supplanting them in markets which they had long controlled. The competition was felt not only in local markets within those states, but also in the Lake trade. The latter is especially important to all operators during the summer months. The Lake trade is important to them at that time because they are thereby enabled to maintain their working organization while the demand for coal is elsewhere relatively unimportant. During these months great cargoes of coal, aggregating in 1911 a total of 21,000,000 tons, are loaded at Lake Erie coaling points for shipment west.

In 1900 West Virginia's tonnage of the Lake trade amounted to but 562,129 short tons, or 10.02 per cent of the total tonnage, in contrast with Ohio's 38.04 per cent and Pittsburgh's 51.94 per cent. Since that year her shipments have increased by leaps and bounds. In 1911 they aggregated 7,151,200 tons or 34.19 per cent of the total tonnage, while Ohio's percentage had fallen to 19.22 per cent and that of the Pittsburgh district to 46.59 per cent.[1]

Naturally the northern operators would view with alarm the intrusion of West Virginia's coal upon their markets, and look with favor upon any move to unionize the state, if by that method they should regain what they had thus lost.

The Chicago agreement of 1898, entered into between the

[1] Interstate Commerce Commission, Opinion No. 1806, p. 627.

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union and the operators of the four states, provided among other things for an eight-hour day and an advance in the mining rate of ten cents a ton. In return for these concessions, there was a general understanding that the union should employ every means in its power to impose similar conditions upon the West Virginia operators. The existence of this unwritten agreement has been admitted and affirmed in statements made by operators and miners in subsequent joint conferences.

It is for this reason that the West Virginia operators have repeatedly charged the existence of a conspiracy to impose upon them conditions that will result in the restriction of their output. To them the recent strike is but a manifestation of such a purpose. For proof of this charge the West Virginia operators rely upon statements made by the northern operators and miners respectively in various joint conferences, interpreting and admitting the agreement of 1898. Some of these statements we will here quote. Mr. Maurer, an Ohio operator, in a statement read in the conference of 1910, said:

> The granting of the eight-hour day by the operators [1898] after making these other numerous important concessions was with the distinct understanding and explicit promise of the miners to give to the operators of the four contracting states adequate protection against the competition of the unorganized fields. From year to year they have been called upon to fulfill that promise.[1]

Mr. Green, who at the time was president of the United Mine Workers of Ohio, replied to this statement, saying:

> Our friend, Mr. Maurer, in the well-prepared statement he has submitted to this convention referred to an obligation he claims was assumed by the United Mine Workers of America in the meeting at Chicago in 1898. Mr. Chairman and gentlemen, we agree to a certain extent that was right; but I do not believe it was ever understood that one party to this contract was obligated exclusively to carry out that promise. I believe it was intended to be a mutual understanding, and that both sides should coöperate in trying to organize West Virginia and other non-union districts in order to extend this business-like basis of adjusting the differences to those fields.[2]

[1] Record etc., *cit. sup.*, p. 1977. [2] *Ibid.*, p. 1978.

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Mr. Chapman, another Ohio operator, in the joint conference of March, 1912, said: "It was understood in that convention [1898] although it was not placed in the agreement, that the miners of the competitive field of the four states were to bring the non-union fields up to the price paid for mining in those states."[1] Mr. John P. White, who was then president of the United Mine Workers, and present in the conference, evidently replying for the miners to the statement of Mr. Chapman, said:

> We are as anxious to establish the organization in West Virginia fields and other non-union fields as the gentlemen on the other side of the house are to have us do so . . . . Nature has favored the little mountain state with an inexhaustible vein of coal of high quality and good mining conditions, but the operators have been successful in defeating the aims and purposes of the United Mine Workers to a large extent, although no one can deny that, under the various administrations of the organizations every effort has been put forth to try to break down the conditions that are complained of here by the other side.[2]

Mr. Penna, commissioner for the Indiana operators present at this conference made this statement:

> I can understand why the employers [in West Virginia] do not want them organized . . . . They will read the reports of this meeting. They have of other meetings just like it. They will see where we have talked of a desire to unionize West Virginia for only one purpose, namely, to exclude them from the markets, in order that we may replace their product with our own, and hence they lay back and conclude: "We are going to take no chances; we have those markets and we are going to maintain them as long as we can and encroach as much farther as we may" . . . . It is a fear on the part of these people of the effects of trade-unionism as seen in places in this central competitive field that prevents your union getting a foot-hold in those mountain districts.[3]

The hesitation of the West Virginia operators to become parties to a conference dominated by such antagonistic interests can readily be appreciated. The fact that the four northern

[1] Record etc., *cit. sup.*, p. 1979.
[2] *Ibid.*, p. 1979.
[3] *Ibid.*, pp. 1981, 1984.

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states constitute to a large extent the market for West Virginia coal, renders it certain that the operators in these four states would exert every legitimate, and some of them even illegitimate, means to impose conditions which would tend to restore their lost markets, even though the West Virginia coal industry should suffer as a result. Nor would it be surprising if many of the northern miners themselves, prompted by selfish motives, should consent to the imposition of conditions upon West Virginia that would result in injury to her coal trade and a consequent benefit to the northern operators. They would thus have a further excuse for other demands for higher wages.

It is difficult to believe, however, that the higher officials of the Mine Workers' Union would join in any effort to injure one section of the country for the benefit of another. Its interests are nation-wide, and if true to its engagement to protect all miners, the organization will not become an active participant in an agreement, the enforcement of which will close mines and thus deprive some 70,000 men of profitable employment.

That some, at least, of the higher officials of the union recognized this responsibility is obvious from a statement made by Mr. Hayes, the national vice-president. In the conference of 1912 he said:

> Even though we organized the miners of West Virginia, we could not establish there a scale of wages that would be prohibitive, that would prevent the West Virginia operators from marketing their product. They occupy a peculiar location. They are far from the market. Continued harping on them that we want to organize West Virginia miners to allow the operators in the central competitive field to have all the markets is a wrong theory, and the theory that this organization, both miners and operators, should do all in their power to change.

IV.

The following conclusions seem to the writer to be justified by the facts previously set forth. The operators of Western Pennsylvania, Ohio, Indiana and Illinois have been for years, and are yet, highly desirous that West Virginia be organized by the Mine Workers' Union, in order to check the destructive

[1] Record etc., *cit sup.*, p. 2035.

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competition to which they have been subjected since the nineties. The United Mine Workers of America has been for years, and is yet, equally desirous of entrenching itself in West Virginia in order to further its purpose—and we state the highest purpose for which it could be organized—of bettering the conditions of all those "employed in and around the coal mines, coal washers, and coke ovens on the American continent." [1]

Despite the evident desire of the union to organize West Virginia, and the urgent appeal of the northern operators that it be organized, it is difficult to see how either of these factors enters as a main cause of the strike of 1912–13. It must, however, be concluded that when the strike had begun, the efforts on the part of the union to extend its scope to Cabin Creek and other non-union districts afford clear evidence of the strong influence of the two forces we have mentioned. But they do not appear at the beginning of the struggle. The operators in the Kanawha district, all of which was union except Cabin Creek, had refused to grant the demands which the miners presented on April 8, 1912, had refused their compromise demand of the Cleveland wage advance alone, and had also refused their second compromise offer to return to work under the old scale and old conditions if granted the check-off. The operators refused all the demands, but offered to renew the old scale and the old conditions.

If it had been the purpose arbitrarily to call a strike, the union would not have so far withdrawn from its first demands as to offer two compromises. It is also equally difficult to understand the still further concession of one-half the Cleveland wage advance, which was accepted on May 1, 1912, and embodied in the agreement signed by the representatives of all the operators and miners in the Kanawha district except those on Paint Creek. It is not the purpose to criticise the motives which prompted the operators on that creek in their refusal to sign the agreement, but it was in their refusal to agree to conditions which had been agreed to by other union operators in the Kanawha district that the strike had its origin.

[1] Constitution of the Mine Workers' Union.

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The unusual duration of the struggle evinces the strength of the Mine Workers' Union. An organization with a membership of over 400,000, and with authority to make almost unlimited requisition upon its membership, when funds are needed, wields an enormous power. As the organization becomes conscious of its financial and numerical strength, it should also become conscious of a duty and obligation to avoid the tendency to become an instrument in the hands of radical membership for the confiscation and appropriation of private property.

There also devolves upon the operators and absentee owners the duty of realizing that wealth, with the privileges which it confers, imposes to a like extent responsibilities which have frequently been ignored. To consider labor as a mere commodity to be bought and sold upon an open market, without recognizing the unpurchasable human element therein, is to err to as great a degree as does the laborer who considers his labor as creative of the whole value of the product. Nor should either side be unmindful of its duty toward the public. The public is as much entitled to protection against the excesses of the combatants as each of them is entitled to protection against the excesses of the other.

There is a point of justice, a balancing of interests, in every question and in every dispute between employer and employee. Each step tending toward the rationalization of the relations between labor and capital is a step in the direction of a more just industrialism. There are, and always will be, defects in the adjustment of such relations through joint agreements, and in the settlement of industrial disputes through investigation of conditions, conciliation and arbitration; but these will tend to disappear in proportion as labor and capital learn to deal collectively and openly with each other. To submit a matter of right to the decision of might is but a continuance in the industrial world of a form of settling disputes which has long since been abandoned as between one man and another.

LAWRENCE R. LYNCH.

CHARLESTON, W. VA.

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PAN-SLAVISM AND EUROPEAN POLITICS

More than once in the course of the past hundred years has an international crisis been laid at the door of Pan-Slavism. It was said to be at the root of Balkan disturbances during the early part of the nineteenth century. It was dragged into the arena of European politics during the stormy days of 1848. It was conjured up by the Frankensteins of diplomacy during the eventful period which ended in the Berlin Treaty of 1878. It is branded in our days as the real cause of the conflagration now ravaging the fields of Europe.

The strength of Pan-Slavism is said to be proved by the fact that in the course of a century it never quite disappeared. It had its high and low tides but it formed at all times a strong and persistent current of life in the Slavic world. The millions of Slavs[1] scattered from the Black to the White Sea, and from the Adriatic to the Pacific, presumably never ceased to cherish the idea of race solidarity. The government of Russia is supposed to have been consciously inspired all these years by the vision of a great state in which all the Slavic peoples would be nestled under the wide wings of her double eagle. The Slavs of the

[1] According to Professor Florinski (see his Ethnographic Map of the Western Slavs, 1911, in Russian), there are about 150,000,000 Slavs in Europe, of whom over 100,000,000 are in Russia, 25,000,000 in Austria-Hungary, and the rest in the Balkan States. The Great Russians number about 70,000,000, and are the dominant race of Russia. Of the 33,000,000 Little Russians, approximately 28,000,000 live in Russia, 4,000,000 in Galicia, and one million in Hungary and Bukovina. The Slavs in Austria number over 17,000,000 and form sixty per cent of the population. In Hungary they number over 6,000,000 and form twenty-seven per cent of the population. Of the Austro-Hungarian Slavs the Czechs (mainly inhabiting Bohemia, Moravia and Silesia) number about 7,000,000; the Servs and Croatians about 5,000,000; the Slovaks about 2,500,000; and the Slovenians about 1,250,000. The Serbs proper outside of Austria number about 3,000,000; the Bulgarians over 5,000,000. The Poles number about 10,000,000 in Russia, about 5,000,000 in Austria, and about 4,000,000 in Prussia. The Russians, Serbs and Bulgarians belong to the Greek Orthodox Church. The Poles, Czechs, Slovaks, Croatians and Slovenians are Catholics. There are about 1,600,000 Protestants among the Slovaks, Poles and Czechs; about 1,200,000 Mohammedans among the Serbs and Bulgarians; and about 4,000,000 uniates among the Russians.

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South as well as those of the West have presumably been yearning for the hour when the ties binding them to other states would be broken and their tendency toward their "brethren" of the eastern plains would find expression in complete union. It is alleged that the present war is the most violent form of this tendency of the Slavs toward union and the preliminary step toward their general movement westward.

This picture of Pan-Slavism has been painted in particularly thick colors by the German-speaking world. A Pan-Slavic peril has been heralded far and wide. The cry of a Slavic *Drang nach Westen* has been opposed to the cry of a German *Drang nach Osten*. But in a modified form the idea of a Pan-Slavist policy on the part of Russia, and of Pan-Slavist tendencies among the Balkan and Austrian Slavs, has gained wide currency. Certain facts seemed to give credence to the idea. It was strengthened by the appearance from time to time of small groups who styled themselves Slavists or Pan-Slavists, and whose writings in and outside of Russia attracted attention; and it was permanently fixed in many minds somewhat in the form outlined above, as a result of peculiar political jugglery which was encouraged by all parties involved in the situation.

This political jugglery has been mainly bound up with the destinies of the nations thrown together in south-eastern Europe. There in a corner washed by the Adriatic, the Ægean and the Black Seas, a most perplexing knot of conditions and aspirations developed historically which made this region the sorest spot on the lacerated body of old Europe. There the Pan-Slavist idea had its origin, and mainly in response to stimuli therefrom has it run its historical course.

I

Pan-Slavism is often traced to the fall of the Eastern Empire in the fifteenth century. The marriage of Sophia Paleologue to Ivan III, in 1472, is believed to have inspired the Grand Duke of Muscovy with the idea of making Constantinople the capital of a great Slavic empire. In fact neither Ivan III nor Ivan IV, the Terrible, ever dreamed of it. The conquest of Constantinople by the Turks meant to them the fall of the "Second

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Rome" and inspired them with the idea that Moscow was to take its place and become the "Third Rome." Not only they, but their immediate successors, maintained friendly relations with the Sublime Porte.

No more Pan-Slavist tendencies can be discovered in the policy of the first Romanoffs. It was during the reign of the second Romanoff, Czar Alexis, that the first conscious Pan-Slavist known to history appeared in Russia. His name was Krizhanich, a Croatian by birth and a member of a Jesuit order. Krizhanich was much interested in Slavic literature and in the preparation of a common Slavic language. He also broached the subject of a political union of all Slavs in opposition to the Germans.[1] Czar Alexis sent Krizhanich into exile, presumably for his Catholic propaganda, and paid no attention to his Slavic schemes. The appeal of the Slavs and Greeks who sent a delegation to Moscow in 1688 to ask Russia to free them from Turkey had no more results.[2]

Peter the Great was the first to bring the question of the Balkan Slavs into the arena of European politics. His manifesto to Europe in 1711 alluded to the sufferings of the Christian peoples in the Balkans.[3] But this was an incident in his career, as were his wars against Turkey. Peter's ambitions stretched northward, not southward, and when he recovered from the disastrous campaign of Pruth he fixed his attention definitely on the Baltic.

Only during the reign of Catherine the Great was the foundation laid for a permanent Russian interest in Slavic affairs. Catherine inaugurated an active policy of expansion along the Black Sea and towards the Mediterranean. Her goal was the disruption of the Turkish Empire, for the division of which she carried on negotiations with Joseph II of Austria. She also put strikingly before the Russian mind the idea of making Constantinople a Russian city. Her ambition was well known to

[1] In his book, Reflections on Politics, quoted by Kluchevski in his History of Russia, vol. iii, p. 321 ff.

[2] Hans Uebersberger, Russlands Orientpolitik in den letzten Zweijahrhunderten, vol. i, p. 42 ff. 1913.

[3] *Ibid.*, p. 93.

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her philosophical friend, Voltaire, who jestingly asked the permission of the "Semiramis of the North" to visit her in her new capital, Constantinople. It was undoubtedly to further these schemes that Catherine demanded the recognition of a Russian protectorate over the Orthodox Christians of the Turkish Empire, which was granted by the treaty of Koutchouk-Kainardji (1774).[1] This treaty contained the adumbration of that Slavic idea which Russia was to manipulate later in its interests of aggrandizement. The development of this policy, however, was made possible by a number of tendencies which did not make their appearance in Slavic countries until the nineteenth century.

II

The French Revolution set into motion forces pent up in the hearts and minds of the people. A wave of nationalist feeling swept Europe, reaching the Slavic countries as it rolled on. Its effect was magic. Peoples whose names had almost vanished from history suddenly arose to life. In the Slavic world, their awakening was particularly dramatic. Serbs, Bulgarians, Czechs, Croatians, Slovenians, Slovaks, who had been lost for centuries in the masses of Turkey and Austria-Hungary, now loudly asserted their individuality and clamored for recognition.

This movement in its initial stages was largely literary and cultural. The Slavic peoples had first of all to prove their claim to nationality. There was nothing in their present which seemed to justify it. So they turned to the past, where each Slavic people hoped to discover memories of glory and traces of national greatness. The task was in harmony with the historical and romantic spirit of the first decades of the nineteenth century. It resulted in the restoration of Servian popular poetry by Karadjich, in the historical works of Shaffarik, Dobrowski and Palacki, in the imaginative outpourings of Jan Kollar, and in the literary works of the Croatian school.

The work of all these literary groups was separatist in charac-

[1] See Kluchevski's History of Russia, vol. iii, p. 377, Russian edition. Also S. Goriainow's Le Bosphore et les Dardanelles. M. Goriainow's book is based on a thorough study of the documents in the archives of Russia.

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ter. The Czechs labored to restore the historical position of ancient Bohemia. The Slovaks struggled to preserve their language against Magyar encroachments. The Croatians were engaged in reviving both their language and their historical idea of political rights. The main efforts of all were directed toward strengthening the national spirit of each particular people. Each of the nationalist leaders worked in his own field and amidst his own people.

There was one point, however, at which the interests of all those Slavic peoples met. They all found themselves in the subjection of other nations who despised them. To German, Magyar, and even Turk, the Slav seemed an inferior being who had achieved nothing in politics or in the arts of life. The reaction against this was a desire on the part of the Slavs to assert the value, not of this or that particular Slav people, but of the Slav race as a whole. The leaders of the nationalist movements pointed with equal pride to the political greatness of Russia, to the poetic genius of the Serbs, to the missionary zeal of the early Bulgarians, or to the cultural acquisitions of the Czechs.[1] They interpreted them as illustrations of the common genius of the race. This naturally led to emphasis on the common origin of the Slavs and their bonds of kinship. It resulted in a vague, semi-poetic, semi-philosophical idea of a great Slav race with a common life in the remote past and with a great common destiny in the more or less misty future. This idea found expression in the works of Shaffarik on Slavic antiquities and in the poems of Jan Kollar. This literary Pan-Slavism made a deep impression on Europe and brought Jan Kollar into especial prominence as the "father" of Pan-Slavism.[2]

The movement among the western Slavs had its parallel in Russia. The war of 1812 strengthened the national currents in

[1] A. Pypin's "Pan-Slavism in the Past and Present," in the Russian monthly *The Messenger of Europe*, September, 1878. This spirit was particularly strong in Kollar's famous poem, "The Daughter of Slawa." Extracts translated into Russian by A. S. Budilowich in *Slavianskoe Obozrenie* of 1894.

[2] Pypin and Spassovich, History of Slavic Literature, 1865 (Russian); translated into German and French; also A. S. Budilowich, Jan Kollar and Western Slavdom, 1894.

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Russian life. A movement to free Russia from western influences and to steer it in the direction of national ideals made its appearance. In the minds of some this national idea was extended to include all Slavs. In 1818 a secret society was formed in southern Russia under the name of "United Slavs," for the purpose of bringing about a federation of all Slavic peoples.[1] The members of the society shared the fate of the revolutionary Dekabrists whom they joined later. But the idea persisted through the following decades and found a warm reception in the literary circle of the Slavophils who attempted to give definite expression to the national current of Russian thought. The Slavophils never succeeded in elaborating a systematic philosophy. Their leaders—Khomiakov, Aksakoff, Kireevski—worked in a desultory manner and disagreed on many essential points. But fundamentally they were all inspired by the same idea that it was the great historic mission of Russia to regenerate the world.[2] They arrived at this idea by a peculiar combination of Schelling's mysticism with the politics of Hegel and with a deficient interpretation of Russian history. They drew a distinct line between western Europe and Russia. The civilization of the former, they maintained, was based on a one-sided rationalism, on Roman ideas, and on the principle of conquest. It resulted, therefore, in the breakdown of spiritual unity, in political strife, class struggles and socialist utopias. There was no hope for the West to emerge from this maze because it contained no seeds for new growths. It could be saved only by the principles which underlay the civilization of the Slavic world. The Slavs had always shown a deep sense of spiritual unity in their Ortho-

[1] Bakunin, who was a Slavophil in his early life, mentions this fact in his work on The State and Anarchy, Russian edition, p. 77. A study of this society based on documentary evidence was published by the Russian historian, D. L. Mordovtseff, in the monthly *Russkaia Starina*, January, 1878.

[2] A. Kireevski's On the Character of European Enlightenment and its Relation to Russia, 1852; New Principles of Philosophy (1856); Khomiakov's writings are of a historical and theological character, his main ideas being summarized by N. A. Berdiaev in a study entitled A. S. Khomiakov, published in 1912; of Khomiakov's poems, "The Eagle" (written in 1832) is particularly noteworthy for its Pan-Slavist spirit. The ideas of the Slavophils have been considered in numerous articles scattered in various Russian magazines.

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dox religion; had never engaged in conquests, and were not influenced by ancient civilization as transmitted by Rome. They had consequently always been free from political disorders and had maintained the principle of democracy and justice in the village community. In the Russian people the peculiar traits and institutions of the Slavs found supreme expression. The Russian people, therefore, were now to take the lead in history and to establish a new and glorious world-civilization on the Slavic tri-unity of orthodoxy, popular sentiment, and autocracy.

The Slavophils were decided Pan-Slavists. To their way of thinking, the world drama was a struggle for the supremacy of Slavism. They were, therefore, interested in the struggles of the Slavic peoples for emancipation. But they regarded Russia as the supreme expression of the Slavic world and they expected the other Slavs to recognize this superiority.[1] Khomiakov's poems sang of the time when all the Slavic eagles would rest under the wings of the "Eagle of the North". All the Slavophils spoke of the western and southern Slavs as their "minor brethren". They imagined the union of the Slavic world based not only on the political hegemony of Russia, but also on acceptance of orthodoxy and on the recognition of Russian as the common literary language of the Slavs.

All these ideas, however, had no political influence. It was the time of Nicholas I, who was inspired by the ideas of order, legitimacy and royal rights. The Czar had no use for ideas which had the slightest popular tinge. He suppressed the publications of the Slavophils and subjected the leaders to police surveillance.[2] He was friendly to Austria and helped her crush all national and democratic movements. He guaranteed the integrity of Turkey in a series of treaties, the wording of which left no hope for the national aspirations of the Balkan Slavs.[3]

On the other hand, the writers, poets and professors who indulged in Pan-Slavic theories had no idea of taking definite

[1] Message to the Serbs from Moscow, 1860.

[2] Kireevski was the first to suffer; his monthly, *The European*, was suppressed in 1832, and he himself was made subject to police surveillance. See M. Gerscheñson in *Viestnik Europi*, August, 1908.

[3] See documents quoted by Gorianoff.

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steps of a political nature. The Russian Slavophils were a dreamy lot of well-to-do landed proprietors who were little disturbed by the chasm which separated idea and reality. They kept in serfdom the peasant within whose bosom, according to their theory, palpitated the heart of a world to be born. They never saw their way clear to action. The western Slavs were stirred by political ambitions, but the latter were far from anything remotely resembling a political Pan-Slavism, and could give no joy to the Russian Slavophils. That was clearly shown at the first Slav Congress, which was arranged at Prague in 1848 by the Slavic peoples of Austria. The purpose of the Congress was to unite the Austrian Slavs in opposition to the Parliament which was then holding its sessions at Frankfurt. The main idea which animated the delegates to the Congress was the formation of a federation of all Austrian Slavs. To harmonize the varied interests of those assembled, resolutions were passed in favor of democratic government and religious liberty, and loyalty to Austria and to the House of Hapsburgs was expressed in the most emphatic terms.[1]

Nevertheless, the Austrian press of the day raised the cry of a Pan-Slavic danger. The imaginative flights of poets and the theories of a few writers were represented as important political movements. This exaggeration had a reason. Austria discerned some possibilities in the Pan-Slavic idea. It could be used to pit the Slavs of Hungary against the Magyars. Above all it could be waved as a red rag before the eyes of Europe every time the Slavic peoples of the Austrian Empire made a move to throw the "superior" Germans off their backs.

III

The defeat of the popular movements in 1848 was only

[1] The details of this first Slav Congress, as well as many other facts concerning the western and southern Slavs during the earlier stages of their movements, are taken from Pypin's writings. Pypin was one of the most authoritative students of Slavic literature and of Slavic history in all countries. See especially his articles on Pan-Slavism in the Past and Present, written in 1878 and republished in book form in 1913. Some interesting details on the character of this early Pan-Slavism and on the Slavic Congress of 1848 may be found in English in Th. Capek's book, The Slovaks of Hungary, 1906.

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temporary. Within a decade there was a revival of democratic and nationalistic sentiment not only in Italy and Germany, but among the Slavic peoples as well. Among the Slavs the movement now assumed a decided political form. Semi-athletic, semi-military organizations with political tendencies under the name of Sokols (Falcons)[1] were organized among the Czech youth. In Servia the "Omladina" sprang into being and raised the standard of the Pan-Servian movement. Their ideal was to unite the Serbs of Servia, Montenegro, Bosnia, Herzegovina, Slovenia, and Dalmatia into a Great Servia. Bulgaria entered more definitely upon the path of political regeneration which was to lead later to the idea of a Greater Bulgaria. The agitation throughout the Slavic world could not long be held within bounds. In 1875 Bosnia and Herzegovina broke into open rebellion against Turkey. Then came the uprising of Montenegro and of the other peoples, which threw the Balkan peninsula into a state of turmoil and readjustment.

The movement among the southern Slavs revived the activities of the Russian Pan-Slavists. In 1858 the "Slavic Philanthropic Society" was organized in Moscow. Its purpose was to help the Balkan Slavs in their distress and to send them religious books. Branches of the society were later opened in St. Petersburg, Kiev and other cities. The societies had comparatively few members; but some of them had means and influence. They sent large sums of money and volunteers to Herzegovina and Montenegro.[2]

Few of the older generation of Slavophils were living at this time, and the new Pan-Slavic movement had new spokesmen; the more significant of these were K. Leontieff and J. Danilevski. The latter published in 1871 his book *Russia and Europe*, in which he put Pan-Slavism on a new basis. Schelling and Hegel were discarded, and natural science was called upon to furnish the theoretical ammunition. Adapting the biological idea of species to society, Danilevski developed a theory of

[1] The rôle of the "Sokol" societies is traced by Kusmin-Karavaiev in *Viestnik Europi*, August, 1912.

[2] Pypin, Pan-Slavism in the Past and Present.

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social evolution according to which the historical process consisted in the successive appearance and development of distinct types of culture. Each cultural type rested on a distinct ethnological and linguistic group which carried within itself original possibilities of achievement. Danilevski saw in the Slavic world the elements of a great and new civilization which was to take its place by the side of the civilization of the West. Danilevski differed in this respect from the Slavophils, who thought that Russia was to regenerate the whole world, because his fundamental idea of distinct cultural types made it an impossibility for western Europe to adopt the ideas and culture of the Slavs. His book was animated with a bellicose spirit. He foresaw an inevitable conflict between Europe and Russia, the outcome of which would be the establishment of a great Slavic union under the leadership of Russia. On this political basis would arise a great Slavic culture in which the essential qualities of the Slav—his love of peace, his democracy and his deep religious sense—would find expression. In the name of this ideal, Danilevski demanded the destruction of Austria and the expulsion of the Turks from Europe. It may be noted that Danilevski included in his Slavic empire the Greeks, Roumanians and Magyars. Their geographical entanglement with the Slavs seemed to permit of no other solution.

It took fifteen years to sell the twelve hundred copies of the first edition of Danilevski's book.[1] This showed how little influence the new Pan-Slavism of that time had on Russian educated circles. No more success characterized the attempts to bridge the chasm which divided the Slavic peoples. This came out clearly during the Exposition of Slavic Ethnography which was organized in Moscow in 1867.[2] Representatives of all the Slavic peoples were invited. The gatherings were intended to be purely scientific in character but they inevitably took on a political turn. At several gatherings Dr. Rieger from Bohemia touched upon the treatment of the Polish

[1] See preface to the edition of 1895.

[2] See articles on Pan-Slavism and on Slavic affairs in *Otechestvenni Zapiski* for 1867, vol. vi; and in *Russki Viestnik*, April, 1867.

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Slavs by their "Russian brethren". With the memory of the Polish revolt of 1863 still green, the point was very delicate. Friction and coolness resulted. The Slavic guests from western Europe left Russia with pleasant words, but with no deep sense of Slavic solidarity.

Nevertheless, Russian Pan-Slavists triumphed when Alexander II sent his armies against Turkey in 1877, ostensibly for the purpose of liberating the Balkan Slavs. In fact this period was the heyday of Pan-Slavism. But the enthusiasm of the Pan-Slavists was dampened by the Treaty of Berlin, which gave Austria a protectorate over Bosnia and Herzegovina and which foiled some of the most cherished hopes of the Balkan Slavs. The part of Russian diplomacy in the affair was a puzzle. The mystery was not disclosed until some years later when Bismarck made public[1] the secret arrangement of Reichstadt. It then became clear that Russia had carried on secret negotiations with Austria and had definitely promised her Bosnia and Herzegovina. The fact that these two provinces were inhabited by "Slavic brethren" did not deter Alexander II from handing them over to Austria. In fact, for almost a decade Russia under the influence of Bismarck had been acting in harmony with Austria and Germany regardless of the Russian Pan-Slavic idea that Austria was the greatest enemy of the Slav and should be destroyed. The later disclosures showed—what was understood at the time by those who held their eyes open—that the Russian government was playing with the Pan-Slavic idea with the double purpose of creating a popular sentiment in its favor and of achieving its political ends in the Balkans.

The Treaty of Berlin and the events of the following decade killed the little prestige which the Pan-Slavic idea may have had among the Russian people. The Russian government also displayed little interest in it. Russia was diverted from the Balkans and turned eastward to seek her destiny and glory on the roads to the Pacific and to India. For nearly a quarter of a century she left the southern and western Slavs to struggle as best they could for their rights. Her Slavic conscience was

[1] In the *Nord-Deutsche Allgemeine Zeitung* of April 17, 1887.

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quiet. But after the battles of Tsusima and of Manchuria had foiled her hopes in the Far East, Russia again felt the spur of her Slavic soul. She turned to the Hither East and began to display once more an interest in her "Slavic brethren". With this change in foreign policy there again emerges the Pan-Slavic idea.

IV

The year 1908 marks the beginning of the latest phase of Pan-Slavism. On May 12, 1908, Dr. Kramarsch, president of the Czech Club; Mr. Gribar, vice-president of the South-Slav Club, and Dr. Gliebovizki, secretary of the Russian Club of Galicia, visited Russia. Their mission was to invite the leaders of Russian political life to a Slavic Congress to be held at Prague from July 12 to July 18, 1908. They were welcomed in Russia by the newly-organized Committee of Slavic Mutuality, by officials, and by prominent members of the Duma. For a week they were "dined and wined," and honored with daily editorials, not only in the *Novoe Vremia* (a conservative and anti-Semitic paper), but also in the organ of the Constitutional Democrats, the *Riech*. The Russian papers interpreted the visit of the western Slavs as an expression of the revival of the "Slavic idea."

During the "Slavic week," daily conferences were held at which the general program of the coming Slavic Congress was discussed. The most remarkable feature of those conferences was undoubtedly the presence of Polish representatives. The Poles had always held aloof from all manifestations of Pan-Slavic tendencies and had always regarded Russia as their enemy. The ideal for which they had repeatedly given their blood had been separation from Russia and the reconstruction of the ancient state of Poland. Their participation in the Slavic conferences was, therefore, hailed as a new turn in Polish feeling and as a great victory for the "Slavic idea." In a certain sense that was so. M. Dmowski, leader of the Polish Club in the Russian Duma, expressly stated at the Slavic conferences[1] that the

[1] For the details of the "Slavic week" in Russia, see files of *Novoe Vremia*, of *Riech* and of other Russian newspapers for 1908.

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Polish people no longer cherished separatist feelings and that they desired to share the political and historical destinies of Russia. The only stipulation they made was that they might be independent spiritually and be free to develop their cultural treasures.

This new attitude of a considerable portion of the Polish people had two main reasons. The first lay in the industrial development of Poland which had gone on rapidly for a quarter of a century. The Russian government had systematically and successfully directed the attention of Polish manufacturers to the markets of central and eastern Russia with the result that Polish export went there in ever-increasing quantities. Naturally, the representatives of the large Polish industries gradually discovered their dependence on Russian markets and their economic solidarity with the Russian state. This industrial portion of the Polish people is largely represented by the Narodova Demokratia, the leader of which, M. Dmowski, was the chief Polish spokesman at the Slavic conferences and later at the Slavic Congress at Prague.

The second reason, which was probably no less potent, was the aggressive policy of Germanization to which the Prussian Poles were subjected. The pressure of Prussia upon the Poles had been growing from year to year, but in 1908 it assumed unusual proportions and resulted in two especially drastic laws. One passed in March authorized the compulsory expropriation of Polish lands in the province of Posen for distribution among German colonists.[1] The second passed in April prohibited the use in public meetings of any language except German in communities where the non-German element did not exceed sixty per cent of the population.[2]

These two laws aroused the anxiety not only of the Poles in Prussia, but also of those in Austria and Russia. The belief grew, especially among those who had economic ties in Russia, that Germany was a greater danger to the Polish people than

[1] Laws of March 20, 1908; quoted by Professor Pogodin in *Moscow Weekly*, January 3, 1909.

[2] Law of April 19, 1908; see *Reichs-Gesetzblatt* for 1908, p. 154.

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was Russia.[1] This gave rise to the conviction that the time had come for a reconciliation of the Polish people with Russia and of a common policy under the leadership of Russia and in opposition to Germany.[2] The Poles, however, emphasized that they were opposed as ever to the policy of Russification and that they were determined now as before to pursue their independent existence as a cultural unit.[3]

In this respect, they met with the entire approval of the western Slavs. Dr. Kramarsch said plainly in his speeches delivered during the "Slavic week" in Russia that Slavic unity was possible only on the basis of liberty and equality.[4] He explained the historical friction between the western and Russian Slavs by the fact that the Russians had always wanted to play the part of the "greater brother." That was impossible. Each Slavic people was devoted to its language and culture and would not sacrifice for any possible return its spiritual independence. No distinctions could exist in the Slavic family. Slavic unity could become a reality only on condition that all the Slavic peoples—large and small, powerful and weak—be recognized as equal members and be permitted to develop their national possibilities.

Such explicit statements required a definite reply on the part of the Russians. The liberal wing of the Russian Slavists represented by the *Riech* openly disclaimed any relation either to the Russian Pan-Slavists of former days or to the Slavophils.[5] They wanted to be considered "neo-Slavists." Neo-Slavism, in their opinion, was really new in theory and in spirit. It was too modern to relish the Slavophil conception of a Slavic mission based on the assumption of peculiar Slavic institutions. It was too democratic to treat the other Slavic peoples as inferior and to impose upon them any conditions. Neo-Slavism knew the value

[1] Dmowski's Germany, Russia and the Polish Question, quoted by K. Zalewski in article on Neo-Slavism in Russian Poland; *Sovremenni Mir*, September, 1908.

[2] *Ibid.*

[3] This attitude advocated by the largest political party, the "Narodova Demokratia," was opposed by other parties which clung to their traditional ideals of an independent Poland.

[4] *Novoe Vremia*, May 16, 17, 1908.

[5] *Riech*, May 15, 1908.

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of the West and felt its kinship with the civilization of Western Europe. It was inspired by the mottoes of liberty, equality and fraternity, and its ideal was a great Slavic race made up of independent and prospering Slavic peoples.

This conception was resented by the *Novoe Vremia*, which took up the cudgels for the Pan-Slavists and Slavophils.[1] The *Novoe Vremia* did not state explicitly its position for fear of bringing discord into the seeming harmony. But it was evident that in the hearts of the conservatives there still lingered the sentiments of days gone by. However, tact was exercised by all parties concerned, and the "Slavic guests" left Russia amid cheering and expressions of sympathy.

Several weeks later the Slavic Congress met at Prague. There were over eighty delegates representing Russians, Poles, Czechs, Serbs, Croatians, Slovaks and others. Among the twenty Russian delegates there were professors, members of the Duma, and official personages. The Slavic Congress witnessed scenes similar to those which had taken place in Russia a few weeks earlier.[2] There was rejoicing in Slavic solidarity, emphasis of the equality of all Slavs, and exultation because of Russian-Polish reconciliation. The following problems were discussed: a Slavic Exposition in Moscow; the organization of a Slavic bank; the unification of all Slavic athletic societies ["sokols"]; a central Slav library; a Slav press bureau; a union of all Slavic scientific associations; a central society for tourists. The program contained no question which had a direct political significance.

The avoidance of political questions evidenced the sagacity of those who had organized the Congress. But it also disclosed the "Achilles' heel" of the new Pan-Slavic movement, or neo-Slavism. For had this point been raised, it would have opened a chasm between the Slavic delegates which no amount of sentimental effusions could have filled. A hint of what it meant was given during the "Slavic week" in Russia. Dr. Kramarsch then expressly stated that he was a loyal subject of the Austrian Emperor.[2] At the banquet given in his honor in Moscow, at

[1] *Novoe Vremia*, May 16, 1908.

[2] Reports of the Slavic Congress of 1908 may be found in the Russian newspapers; also in the *Annales des Sciences Politiques* for 1908.

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which a toast was raised to Franz-Joseph, Dr. Kramarsch said: "Working for Slavdom, we are also working for Austria; we do not seek adventures and have no idea of creating new states. The Austrian Slavs want only that Austria should not be exclusively German, but that all her peoples should be properly valued and justly treated."[1]

This political attitude was like cold water on the enthusiasm of the Russian Pan-Slavists. The *Novoe Vremia* alluded to what it termed the "Austrian Puzzle" and took occasion to suggest the political leadership of Russia as desirable.[2] The liberal neo-Slavists of the *Riech* openly complained of the "Austrian character" of western Slavism.[3] Evidently the high-sounding phrases of Slavic culture and unity were meant to suggest something more. In fact, such a leading neo-Slavist as Professor Pogodin confessed that neo-Slavism was a movement to unite all Slavs politically.[4] With this aim in view, the neo-Slavists could not delight in the "Austrian bias" of Dr. Kramarsch and of the other western Slavs.

The Congress of Prague was adjourned amidst expressions of hope by the delegates. None of its plans, however, have so far been realized. No Slavic bank is as yet in existence. None of the other central bodies, uniting athletic, scientific and other Slavic associations, have as yet been organized. The plan of holding a Slavic exposition in Moscow had to be abandoned for 1911 and there is small chance for its taking place in 1915.

Since the Prague Congress hardly any advance has been made in the promotion of harmony among the various Slav peoples and in the awakening of a general Slavic consciousness. On the contrary, the last few years have seen an outburst of bad feelings which pitted Slav against Slav. Russian repression has been renewed in Poland. The Poles, on their part, exasperated the Ruthenians in Galicia. The assassination of Count Potocki in 1908 by a Ruthenian student was a symptom

[1] *Novoe Vremia*, May 16, 1908.

[2] M. Menshikov in *Novoe Vremia* of May 17, 1908.

[3] *Riech*, May 17, 1908.

[4] Pogodin: "Causes and Aims of the New Slavic Movement," in *Viestnik Europi*, January, 1909.

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of the conflict between these two Slavic peoples. The second Balkan war, in which Bulgarian was hurled against Servian, illustrated Slavic solidarity in the Balkans. The outburst of anti-Servian feeling in Slavic Croatia after the assassination of the Grand Duke Ferdinand was a comment on the love which Slav felt for Slav in the southern districts of Austria-Hungary.

No more progress has been made either by the traditional or the modern Pan-Slavists of Russia. A few new books on Slavic problems have appeared and a number of articles on the subject have been given some space in the periodical press.[1] During the recent Balkan wars the Slavic committees of Russia sent money to the Slavic peoples in combat with Turkey. But beyond that it is idle to speak of a Pan-Slavist movement in Russia. Both Pan-Slavists of the old school and neo-Slavists admit with regret the indifference of the educated classes in Russia to the Slavic idea. A Slavic consciousness among the masses of the Russian people no one would seriously even suggest.

V

Neo-Slavism has thus shared the fate of earlier Pan-Slavic attempts. It has succeeded neither in rallying large numbers to its banner, nor in planting the seeds of love among the Slavic people. In fact, the Pan-Slavic idea appears now more than ever like a raft tossed about in a stormy sea of conflicting aspirations which differ from one Slavic country to another. Bohemia is inspired by the idea of Slavic predominance in Austria-Hungary.[2] The Czechs point to the numerical preponderance of the Slavs in the empire and demand a corresponding political influence. It is known that the Arch-Duke Ferdinand, killed at Sarajevo, had planned to transform the Dual Empire into Trialism by forming a federation of all the Austrian Slavs. This probably would not have given entire satisfaction to the Bohemians and Slovaks, but it would have been an important step

[1] Of special interest is a collection of articles and speeches on the question published in 1913 under title, The Slavic Question in its Modern Aspects.

[2] At the recent Slavic dinner in Moscow the representative of the Czechs even went so far as to express the hope of seeing the restoration of the ancient Czech state. *Russki Viedomosti*, August, 1914.

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in the direction of their main ambition. Slavic predominance in Austria, of course, would require many years of struggle, but the Austrian Slavs evidently prefer this struggle to any other political combination. Historically and economically they are bound by strong ties to the Austrian Empire. That is why they have clung and are still clinging to Austria throughout its greatest crises.

A similar situation exists in Croatia. The Croatians have a tradition of their Triune Kingdom (*Regnum triplex et unum*) which included Croatia, Slovenia, and Dalmatia. The ambition of the "Party of Pure Right" is to restore this ancient kingdom.[1] This ideal brings them into conflict with the Magyars who are determined to control the destinies of Hungary in its present territorial limits.[1] The struggle against the Magyars creates differences of opinion among the Croatians themselves as to policy. Some stand for coöperation with Austria against Hungary; others for compromise with Hungary.[1] The situation is still further complicated by the friction between the Pan-Croatian ideal and the Pan-Servian claim to Bosnia, Herzegovina and Dalmatia.

The causes of conflict among the Balkan Slavs are no less profound. Bulgaria has been aspiring for years to hegemony in the Balkans. Her political and economic development and her military power seemed to justify her ambitions. The Balkan League appeared to many as the first step toward this end. The second Balkan War, however, destroyed Bulgaria's opportunity for the time being, and Bulgaria blames Russian diplomacy for this. As a result, the country is passing through a stage of anti-Russian feeling which is equaled only by the feeling against Servia.[2] The latter is helped by the Russian policy in the Balkans, and is actively pursuing a policy of expansion. Servia's ambitions, however, can not fail to arouse the jealousies of the other Balkan states, Slavic as well as non-Slavic.

[1] See Bresnitz von Zydakoff, Die Pan-Slavistische Agitation, 1899; R. W. Seton-Watson, The Southern Slav Question, 1911; articles in the *Moscow Weekly*, 1908–1909.

[2] Admitted by Balkan correspondent of *Novoe Vremia*, July 2–10, 1914. Evidenced by fact that Bulgaria rejected French loan offered under auspices of Russia and accepted a less advantageous loan from Germany.

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On the other side of the Carpathian mountains, the Ruthenians are struggling hard to establish their national ideas on a firm basis.[1] They have to fight for every inch of ground. But their position under Austrian rule is at least bearable. In Russia the "Little Russians," who belong to the same nationality as the Ruthenians, are not recognized as a distinct part of the population, either by the government or by the Pan-Slavists. The Ruthenians are therefore afraid of Russian supremacy. They abstained from participation in the Prague Congress. At the outbreak of the present war they published a manifesto calling upon their people to fight the Russian army which invaded Galicia.[2] They certainly have no Pan-Slavic dreams.[3]

In view of all these conditions, it is idle to speak of a Pan-Slavist movement or Pan-Slavist danger. There is no tendency towards political unity to be discovered in the Slavic world. The necessary basis is evidently missing. Unity can be built neither on the fanciful tradition of a common life in the remote past, nor on the doubtful theory of blood relationship, nor even on the actual kinship of language. Such flimsy foundations are easily swept away by political, historical, and economic conditions which make for separation.

What there is in reality is a Pan-Slavic idea which is revived from time to time because it serves the political purposes of those who exploit it. The character of this exploitation varies from country to country. Among the Austrian Slavs, Pan-Slavism is mainly a club swung from time to time over the head of the dominant non-Slavic element. The struggle of the Czechs against the German element in Austria and of the Croatians against the Magyars in Hungary is not only political and cultural; it is economic as well. Bohemia is one of the most highly

[1] See article on L'Autriche Nouvelle in *Annales des Sciences Politiques* for 1908.

[2] Reprinted in Berlin *Vorwaerts*, Aug. 18, 1914.

[3] There is a small party in Galicia which claims that the Ruthenians are part of the Russian people and should be annexed to Russia. This party is fighting the nationalist aspirations of the large majority of the Ruthenians. The Russian government is taking advantage of this situation. One of its first steps in the present war was to appoint a governor-general of Galicia who on his arrival announced in characteristic words a policy of Russification which leaves no hope for Ruthenian ideals.

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developed industrial parts of the Austrian Empire. The industries are concentrated in German hands, while the bulk of the working population is Czech. The struggle of wage-earners and employers as well as the opposition of German industrial interests to the activities of the Bohemian Diet controlled by Czechs constantly lead to outbursts of national antagonism. Croatia, on the other hand, is agricultural, and is a source of competition to the agrarian interests of Hungary. In such matters as transportation, banking facilities, governmental subsidies etc., the nation which controls the government can further its economic interests and thus make more secure its dominant political position. Naturally, every time the Austrian Slavs suffer a smarting defeat they look for help from some source. *Coquetterie* with Pan-Slavic ideas is the result. Concessions may be forced from the non-Slavic elements by threats to turn to Russia otherwise. Some real economic advantage may be gained through the organization of a Slavic bank.

In the Balkans, Pan-Slavism has been and is mainly a pretense. The Servians and Bulgarians have passed the legend on so long as it could be utilized in the cause of their political ambitions. The alternate periods of Russian and anti-Russian feeling in the Balkans show that each of the Slavic Balkan states responds to the Pan-Slavic idea in proportion to the support it can bring from Russia. So long as it has this value, it will be kept alive in the game of Balkan politics and diplomacy.

From the German point of view, Pan-Slavism is a welcome scapegoat upon which the sins of international diplomacy in the Hither East can be safely loaded. It is hardly thinkable that the Germans have no clear idea of the conflicting ambitions which disrupt the Slavic world. Yet they harp on the peril of Pan-Slavism and feign fear of the impending onslaught of the Slav upon the Teuton. The plausibility of the idea, it is hoped, will conceal the fact that the real cause of the complications is the clash of conflicting imperialistic policies. If the world could be convinced that Germany is the bulwark of western civilization against the "semi-civilization" of the East, it could probably be made to acquiesce in Germany's advance into the "lands of the dawn." At any rate, in the confusion aroused by the

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phantom of Pan-Slavism, Germany may have less trouble in asserting her economic power in the Balkans and in opening up a straight road for herself to Asia Minor. If this policy leads to trouble, the blame can be thrown upon the scheming Pan-Slavist. In a word, to the German, political Pan-Slavism is a useful screen for the deeds and misdeeds of economic Pan-Germanism.

The mainsprings of Russian Pan-Slavism are both political and economic. Russian autocracy is only too glad to divert attention from national affairs to international matters. Its reactionary policy at home drives it to seek a basis for itself in glory abroad. Threatened by the democratic elements among the people, it looks for support to an imperialistic Slavic policy in which all differences of parties and classes may be merged.

This primitive imperialism of Russian autocracy is complicated by the older commercial and more recent industrial interests of the country. The importance of the Dardanelles to Russian commerce is well illustrated at the present moment by the action of Turkey. The closing of the Straits has given a heavy blow to Russian export, which is particularly sensitive on account of the war. This is not the first time Russia has been made to feel what it means to her to be shut off from the Mediterranean. As indicated above, for nearly a century and a half her diplomatic dream has been to establish her supremacy at the point where the gates open both east and west. In recent years, this desire for commercial expansion has been strengthened by the development of manufactures which are eager for foreign markets. The agricultural countries of the Balkan peninsula could be turned into good customers of Russian iron and steel, textiles and other products. A beginning in this direction has been made in recent years and, as the French say, *l'appetit vient en mangeant.*

This double imperialism is the basis of Russian jugglery with Pan-Slavism. The position of influential cousin makes it easier for Russia to interfere in the affairs of the Balkans in the persuit of her interests. It is ridiculous to suspect the Russian government of belief in the possibility of a political Pan-Slavism. The Russian diplomatic agents know better than anybody

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else the real ambitions and aspirations of the Slavic peoples. Russia also knows that she can fare just as badly at the hands of an incensed Bulgaria, as at those of antagonistic Turkey. Still, she has encouraged the formation of the Balkan League and has now taken the side of Servia. The manifesto of Nicholas II, issued Aug. 1, 1914, declared that "True to her historical traditions, Russia has never been indifferent to the fate of the Slavic peoples with whom she is one in blood and creed." Russia is forced to play with this idea to keep the Balkan states in a turmoil which might justify her intervention and eventual achievement of her political program in the Near East.[1] This policy of the autocracy may find spokesmen in some sections of the country, but it must not be identified with the policy of Russian democracy.

VI

Up to the present time the world has generally interpreted Pan-Slavism as an exclusive scheme of the Russian government. Even such a keen observer as Marx thought that "Pan-Slavism was either a Utopia or water on the grist-mill of Russian autocracy." The other aspects of the Pan-Slavic idea have generally escaped attention. Yet it is essential to grasp all the motives

[1] The imperialistic ambitions of Russia are not confined, of course, to the Hither East. It is already evident that the Russian government is thinking of annexing those provinces of ancient Poland which now form parts of Austria and Prussia. The manifesto to the Poles, issued on August 1st and hailed as a promise of independence, is in fact nothing but an expression of this imperialistic program. The manifesto declares that the time has come for the scattered Poles to unite under the sceptre of the Russian Czar and to form a Poland "free in her religion, language, and self-government." This can not be interpreted as a promise of independence. On the contrary, the manifesto distinctly declares that Poland must remain a part of the Russian Empire ("under the Sceptre of the Czar"). Whatever promise there is in the manifesto is weakened by the memory of the manner in which such promises have been kept in the past. Still the Russian Poles are supporting the government. As indicated above, they consider Germany a greater danger to them. Besides, the union of all the Poles now divided between Russia, Austria, and Prussia seems to them desirable under any conditions. It would strengthen them politically and economically and would help them in the attainment of their larger ambitions later on. This attitude is by no means a manifestation of anything remotely resembling a political Pan-Slavisin. It is the newest phase of the century-old struggle of a conquered people to regain political power.

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which find expression in this political myth. They throw light upon the peculiar situation which has kept Europe for years in fear of a general conflict and which has finally led to the present war. They dispel the fear which the Pan-Slavic idea might arouse otherwise.

But above all an appreciation of the various motives at the basis of the Pan-Slavic idea should lead to a clearer grasp of the conditions of a lasting peace. An adjustment of the fundamental national ambitions in the Near East is indispensable to the peace of the world. This should be kept in mind and impressed upon the world when peace negotiations are opened. Phantom ideas should not be permitted to mislead the public opinion of the world.

LOUIS LEVINE.

COLUMBIA UNIVERSITY.

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THE WAR OF THE NATIONS[1]

HAD any doubt ever existed that the acts and thoughts of one generation condition the acts and thoughts of succeeding generations, it would have been removed by even a superficial study of the causes leading straight to the present lamentable War of the Nations. In one after another of the books before us—and most of them were written prior to the actual beginning of hostilities—we are carried back to the deeds of statesmen, diplomats, and men of business, to the writings and theories of historians, philosophers, and scientists—in a word, to the civilization of mid-nineteenth-century Europe.

To most of us it had seemed a fine civilization, too noble and too beneficent, too charged with the spirit of "self-improvement" and of "progress," to have admitted of any more war. Yet out of this very civilization—out of its very elements on which chief emphasis has been put—proceeds war of a magnitude without parallel in the world's recorded history. It is now veritably an "old régime" that must explain the present cataclysm.

Of all the political and spiritual elements in the "old régime" of the nineteenth century, one of the most stubborn and most impressive was the growth of nationalism. Taking definite form in the days of

[1] Germany and the Next War. By General Friedrich von Bernhardi. Translated by Allen H. Powles. New York, Longmans, Green and Company, 1914.—viii, 288 pp.

How Germany Makes War. By Friedrich von Bernhardi. New York, George H. Doran Company, 1914.—xv, 263 pp.

Imperial Germany. By Prince Bernhard von Bülow. Translated by Marie A. Lewenz. New York, Dodd, Mead and Company, 1914.—342 pp.

Germany and England. By J. A. Cramb, with a preface to the American edition by Moreby Acklom. New York, E. P. Dutton and Company, 1914.—x, 152 pp.

How the War Began. By J. M. Kennedy, with an introduction by W. L. Courtney. London, Hodder and Stoughton, 1914.—xxvii, 187 pp.

The War and America. By Hugo Münsterberg. New York, D. Appleton and Company, 1914.—210 pp.

Why We are at War: Great Britain's Case. By Members of the Oxford Faculty of Modern History [E. Barker, H. W. C. Davis, C. R. L. Fletcher, Arthur Hassall, L. G. Wickham Legg, F. Morgan] with an appendix of original documents. Oxford, Clarendon Press, 1914.—251 pp.

Men Around the Kaiser: the Makers of Modern Germany. By Frederic William Wile. Philadelphia, J. B. Lippincott Company, 1913.—xiv, 279 pp.

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the French Revolution, under the fair name of Fraternity, it appeared as a revolt of a self-conscious people in behalf of their individual liberty and equality against the tyranny or inefficiency of contemporaneous divine-right institutions. By the French idea of Fraternity every European country was soon affected, so that formerly latent sympathies were galvanized into a most lively sentiment, and theorists from the domains of history or philosophy or even of economics could find popular approval for their solemn pronouncements that "people speaking the same language and sharing the same general customs should be politically united as nations."

This idea of nationalism, sentimentalized by *litérateurs* and patriots, dogmatized by a host of savants who flourished throughout the century like the proverbial bay-tree, yielded much fruit. Under reactionary monarchies as insistently as in revolutionary democracies it forced its way. In time, at least one idea, one sentiment, was common to Russians, French, English, Germans, Italians, Norwegians, Greeks, Serbs, Poles, Irish and Czechs—that people speaking the same language and sharing the same general customs should be nationally unified under a single political system.

Nationalism was a matter not only of idealistic theorizing but of real achievement. It was the most vital factor in hastening the dismemberment of the Ottoman Empire, in counteracting the centrifugal tendencies of the different parts of the British Empire, and also in creating a united Italy and a united Germany. Of any such national movement no one can gauge accurately the effects upon the people concerned; that there are far-reaching effects no sane person will deny. In particular, the establishment of the present German Empire, essentially an expression of nationalism, has been a signal achievement of the nineteenth century, and with the effects of that achievement the present war is far from remotely connected.

> Germany is the youngest of the Great Powers of Europe, the *homo novus*, who, having sprung up very recently, has forced his way by his superior capacity into the circle of the older nations. The new Great Power was formidable after three glorious and successful campaigns, and was looked upon as an uninvited and unwelcome intruder, when it entered the company of the Great Powers of Europe and demanded its share of the treasures of the world. [Bülow, page 3].

The suggestiveness of Bülow's introductory remark lies not so much in the fact that Germany was unified as in the manner in which that

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unification was accomplished. Most often, during the nineteenth century, the growth of nationalism was combined with tendencies toward democracy, and foremost patriots were identical with conspicuous democrats. Such, at any rate, was the case in France and in Italy. Such, too, at the outset, was the case in Germany. It will be recalled that the first serious attempt politically to unify the Germanies was made by the democratically-minded Frankfurt Assembly in the stormy days of 1848–1849; that it represented a combination of nationalism and liberalism, of the German nation with the German democracy. Had this first attempt been successful, the subsequent history of Europe might have been quite different. Yet it is a curious fact that none of the writers before us has questioned the providential character of the failure of 1849. The only lesson which Bülow would draw is that "despite the abundance of merits and great qualities with which the German nation is endowed, political talent has been denied it" (page 127); and Bernhardi confesses that "no people is so little qualified as the German to direct its own destinies, whether in a parliamentarian or republican constitution; to no people is the customary liberal pattern so inappropriate" (page 113). Münsterberg weakly echoes the same faith; yet despite this trilogy of a great German statesman, a captivating German soldier, and an impulsive German-American psychologist, many optimistic believers in democracy will prefer to cling to the conclusions of Professor Burgess that the German people are not hopelessly devoid of political ability, but that, on the contrary, Teutonic genius is political genius *par excellence*.

It may be that the failure of the first attempt to unify Germany was due to the political incapacity of the German people, especially of the German democrats, but historians generally have found important contributing causes in the attitude of the Hohenzollern king of Prussia, who "would not stoop to pick a crown from the gutter," in the unnational rivalry between the governments of Prussia and Austria, in the employment of armed force at Berlin and at Vienna, in the opposition of the powerful conservative squirarchy of East Prussia, and in the commanding personality of Prince Bismarck, whose rôle as "tamer of the Prussian parliament" was secondary only to his rôle as "maker of modern Germany." But if circumstances could stay the march of democracy in Germany, they did not hinder the progress of nationalism.

The second attempt politically to unify the Germanies succeeded. It was the attempt "by iron and blood," the three wars of 1864, 1866, and 1870–1871. It was a combination of nationalism and militarism, of the German nation with the Prussian army. But while, in the wor-

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ship of success, the Germans learned to scoff at the paltering pedants of 1848–1849, they did not note that the strenuous soldiers of 1864–1871 were sowing the seed of real future danger to nationalism as well as to democracy.

From seed thus sown have sprung many plants whose wondrously luxuriant growth for forty-odd years has culminated in the poisonous fruitage of the present war. In the first place, mention should be made of the effects of the policy of iron and blood upon Austria. Deprived of Italian hegemony in 1859 and excluded from the German Confederation in 1866, the Habsburg family turned their attention toward southeastern Europe and sought by conciliating the Hungarians and by interfering with the Serbs to maintain their position, then seriously threatened, as masters of a great power. To reconcile the Habsburgs to their loss of influence in central Europe by means of compensations in eastern Europe soon became a major object of German diplomacy. It was Bismarck himself who made possible the military occupation of Bosnia and Herzegovina by Austria in 1878. It was Bülow whose threat of a general European war sufficed to enable Austria to annex the two Serb provinces in 1908. It was Bethmann-Hollweg who cooperated faithfully with Austria in 1912 in order to prevent the extension of Servia to the Adriatic and thereby to preserve Austrian preponderance in the Balkans. The results were bound to possess disadvantages. The Habsburg empire became more and more an anachronism in Europe, a federation of many conflicting nationalities in the midst of a continent whose most characteristic sentiment was nationalism and more nationalism; the age-long rivalry between Teutonic Austria and Slavic Russia was intensified and embittered; and the Eastern Question, primarily connected with the dismemberment of the Ottoman Empire, was discovered secondarily to involve the disposition of the Habsburg dominions.

In the second place, it had seemed necessary to the German leaders in 1871 to deprive France of Alsace-Lorraine in order to cement the new political and territorial unification of Germany. Justification for this action was found not only in a righteous punishment of France but in the fact that Strassburg and Metz were racially Teutonic and had belonged to the mediæval German Empire. To such justification there were drawbacks. The victors in their pursuit of German nationalism underestimated the nationalism of the vanquished and strangely ignored the axiom that nineteenth-century nationalism was not so much racial as artificial, that Alsace-Lorraine, though German in blood, was French in sentiment and sympathy. It may have been unreasonable or down-

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right malicious, but that French patriots never forgot the humiliating terms of the Treaty of Frankfurt remained as a hard fact from 1871 to 1914. This fact Bülow frankly admits: "It seems to me weakness to entertain the hope of a real and sincere reconciliation with France, so long as we have no intention of giving up Alsace-Lorraine; and there is no such intention in Germany" (page 84). The mutual "lack of the conciliatory spirit" (Bülow, page 143) prevented German diplomats from adopting any compensatory policy in respect of France such as they applied in the case of Austria. Nor were Frenchmen to be relieved of a positive fear of further German "aggression" when they thought of the historical reasons which their neighbors alleged for the "re-annexation" of Alsace-Lorraine. If Strassburg and Metz had once been Teutonic, so had Rheims and Soissons; and what the famous school of national German historians had learned and taught as to the seventeenth-century status of the Reichsland they might appropriately be credited, through their well-known scholarly and scientific researches, with learning and teaching as to the sixteenth-century status of Franche-Comté and Burgundy. Professor Münsterberg blames France and French unwillingness to abide by the solemn treaty of 1871 for the militarism that has since afflicted Europe; and the Oxford Apology, in a serious and painstaking manner, affords clear proof that it was the French "Boulanger Law" of 1886 which set a new pace in the race of armaments. But, with the single exception of the brief career of the adventurer Boulanger, there is as much to be said in behalf of the strictly defensive character of French militarism during the past forty-three years as in support of the idea that the French were ever seeking a "war of revenge." And this consideration is entirely left out of account by Bülow and Bernhardi as well as by Münsterberg, and is hardly sufficiently emphasized by any of the English writers. For the continued threat of German militarism against France, as exemplified in the "Affair of 1875" or in the "Schnaebele Affair" of 1887, it is still necessary to consult such a work as Dr. Rose's *Development of the European Nations*.

A curious inconsistency marks the nationalistic arguments of our German writers. The German Empire, they say, is at once the handiwork and the embodiment of German nationalism; it was made by the German army for the German nation; and upon it rested not only a moral right but a sacred obligation to regain the old-time German land and German folk of Alsace-Lorraine. Yet on the other hand they have to explain the incorporation of Posen and the other Polish provinces of East Prussia. Here Professor Münsterberg hysterically talks about the

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"cultural mission" of Germany among "half-cultured Tartars" (page 9); General Bernhardi, in soldierly fashion, alludes (page 78) to the military necessity of retaining the Polish provinces as a buffer against Russia; and Prince von Bülow, always calm and cool, maintains that "the Poles have forfeited their right to independence, after being for centuries incapable of creating a strong State on the basis of law and order" (page 304). In exalting nationalism along the Rhine, the Germans have debased it along the Vistula. In arguing against the French they have supplied the Slavs with an arsenal of arguments.

Other problems were created by the manner of Germany's political unification. Since German unity was secured by military prowess in three wars, by "iron and blood," and at the price of French humiliation, it was natural that German statesmen should seek to preserve what had been won by strength of armament and by astuteness of diplomacy. Efforts to isolate France internationally and to maintain a national militarism thus became the settled policy of Bismarck and of his successors in the imperial chancellery.

For many years Bismarck displayed real genius in the diplomatic game. With the Hohenzollern emperor he cemented the emperor of Austria and the tsar of Russia in the so-called "Three Emperors' League," which formally endured from 1872 to 1887. With Germany he joined Austria-Hungary and Italy in the defensive Triple Alliance, which has lasted from 1881 to the present minute—at least on paper. He relied upon the colonial rivalries and national antipathies between Great Britain and France on the one hand and those between Great Britain and Russia on the other to preserve a friendly British feeling for Germany in any future conflict between Germany and France. Every one knows that until after Bismarck's retirement in 1890 France was practically isolated and that her counsels had little weight in the concert of the great powers. It was the best measure of the success of German diplomacy.

Everyone knows also that Bismarck's hand wrote large upon the constitution of the new German Empire, and that to his personal prestige, to the success that had attended his pet policy of "iron and blood," was due the general acceptance throughout the empire not only of the Prussian military system and of the safeguards against the diminution or weakening of the army but also of the practical checks upon popular government. Whatever may be said of the necessity of German militarism—and all our German apologists agree that militarism is essential to their nation's defence—the fact remains that militarism has tinged the political outlook of Germans more than that of any other

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nation. In the new Germany a huge national army was superimposed upon a hierarchical civil service, and ballot-boxes were rendered ornamental rather than useful. As Bülow expresses it, "Prussia attained her greatness as a country of soldiers and officials, and as such she was able to accomplish the work of German union; to this day she is still in all essentials a State of soldiers and officials" (page 227). With such a state, liberal government after a British or French model would be clearly incompatible; under liberal institutions neither the civil bureaucracy nor the military machine could be maintained at the proper pitch of efficiency. Nor would liberalism suit the German genius. "In the German view," says Professor Münsterberg, "the state is not for the individuals, but the individuals for the state" (page 135). And Bülow pays tribute to the "incomparable audacity and constructive statesmanship" of Bismarck, who "left out of play the political capabilities of the Germans, in which they have never excelled, while he called into action their fighting powers, which have always been their strongest point" (page 12).

One result of German militarism has been, then, to confirm National statesmen in the conviction which they had entertained since the failure of the Frankfurt Assembly that liberal political institutions were not adaptable to German needs. And conversely, the lack of liberal political institutions promoted German militarism. This appears unmistakably upon the two hundred pages devoted by the German ex-chancellor to "Home Policy." As a good conservative, a landowner and a bureaucrat, he evinces much impatience with the Reichstag, its opposing parties and its dilatory actions. He has no comprehension of the operation of parliamentary government. He indicts the whole party-system, and his judgments on political parties turn largely upon their several attitudes toward armaments.

> It is certainly a curious fact that in the most military and most warlike of the European nations the parties have resigned themselves so unwillingly to new demands for the defence of the Empire that it has taken more than three and a half decades to achieve unanimity, at least among the middle-class parties [page 193].

Bülow admits that parties are more troublesome in Germany, where they have little practical say in government, than in England, where they "acquire their political education by having to govern;" for, he says, "the party that must govern is responsible, not only for its own welfare, but in a higher degree for that of the nation and the State." One might expect to deduce from these observations that Bülow would

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favor the development of the English party-system in Germany. But not at all. He denounces all party-systems. The more English the tendency of a party is, the more vehemently he assails it. In particular he hates Socialism. "In view of German conditions, and especially those in Prussia, the Social Democratic party, with its present program and aims, cannot be placed on the same level as those parties which take their stand on the existing political system" (page 217). "The Social Democratic movement is the antithesis of the Prussian State" (page 226). The fact that such an antithesis has been steadily gaining supporters in Germany since 1871 might be taken to show that the German people have more political ability than Bülow would credit them, but the fact makes little seeming impression upon the ex-chancellor. He explains how, although a decrease in the votes for the Social Democrats has hitherto been unattainable, it is still possible, "under suitable guidance," to reduce the number of their seats in the Reichstag (page 205). In the future, however, it may prove necessary to fight Socialism much more strenuously.

> For the Social Democratic movement does not only threaten the existence of one party or another; it is a danger to the country and the monarchy. This danger must be faced and met with a great and comprehensive national policy, under the strong guidance of clear-sighted and courageous governments which, whether amicably or by fighting, can make the parties bow to the might of the national idea [page 247].

Imagine like language from a twentieth-century Englishman who had been prime minister of his country for nine years!

Another result of militarism has been the development in Germany of a particularly self-interested military class, who have exerted great influence upon the nation to secure heavier armaments and, at special crises, as in the Moroccan imbroglio, have brought great pressure to bear upon the government in order to force actual war. It is interesting to note that among the thirty-one sketchy portraits of contemporary "Men around the Kaiser," selected from all walks of life and depicted by Mr. Wile, correspondent for several years at Berlin for the *London Daily Mail* and the *New York Times*, nine belong to this peculiarly military class: Admiral von Tirpitz, creator of the German navy; Prince Henry of Prussia, commander in the navy; Count Zeppelin, the inventor of military air-craft; the Crown Prince; Ernst von Heydebrand, leader of the "jingoes" in the Reichstag; Professor Delbrück, the historian and professional spokesman of the militarists; Admiral von Koester, president of the Navy League; Krupp von Bohlen

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and his wife, Bertha Krupp, the heiress of the great gun-works; and General von der Goltz, organizer and strategist. From this class, too, comes General von Bernhardi. It is customary for German-Americans to explain to their fellow-countrymen on this side of the water that Bernhardi is not taken seriously in Germany. Possibly Professor Münsterberg had in mind this retired cavalry general, when he wrote:

> It is true there are a few pensioned naval officers and retired colonels of the army and some irresponsible oration makers who gloriously out-Hearst the Hearst editorials and who on patriotic occasions swallow some neighboring lands, preferably Holland and Denmark, and if they are in noble spirits also half of Austria and a part of Turkey; nobody takes them seriously, and to identify the government with such hashish dreamers is preposterous [page 170].

Let us hope that Professor Münsterberg did not have Bernhardi in mind, for if he did he is denying to the Germans a proper sense of literary appreciation. Bernhardi is positively charming. He writes exceedingly well—clearly, straightforwardly, and frankly, as befits his soldierly calling. He knows a good deal of history, is usually logical, and possesses a large fund of common sense. Not only does he know thoroughly the modern science of warfare, but he knows how to write intelligibly for his lay readers. *How Germany Makes War* is wholly devoted to the technic of his subject, and provides a useful key to the German strategy and methods in the present war. *Germany and the Next War*—the first of the two books to appear in print and the one that has aroused the chief discussion—is at once a frank exposition of the doctrine that might makes right and an earnest plea for the shaping of all German institutions, political, social, economic, ecclesiastical, and educational, so as to secure for the German nation the utmost might. It is difficult, after reading Bülow's book, to perceive why Bernhardi should not be taken seriously in Germany. A sincere and logical apostle of Bülow would normally be a Bernhardi. And it might be added—this is now the main point—a Bernhardi would normally produce a whole crop of Bülows. If Bernhardi is not taken seriously in Germany, it must be for some personal reason that escapes his American reader. Some other soldier, who shares most of the views of Bernhardi, must be taken seriously in Germany. Militarism has been too big a factor in the German Empire not to have been taken seriously by some one.

If the sentiment of nationalism with all its practical manifestations in the actual achievement of German unification—the policy of "iron and

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blood," the exclusion of Austria, the annexation of Alsace-Lorraine, the Bismarckian diplomacy from 1871 to 1890, the distrust of popular government, and the glorification of militarism, even if it be purely defensive militarism—if this sentiment of nationalism is taken as one conspicuous factor of nineteenth-century civilization that has contributed to the production of the present war, then another factor, quite as sensational, making toward the same end, is the Industrial Revolution. In no country, with possibly the single exception of the United States, has such a prodigious development of industry and commerce taken place since 1871 as in Germany. None of the books before us gives us an adequate account of Germany's economic growth; for that it is still necessary to refer to a standard work like Dawson's *Evolution of Modern Germany*. But Mr. Wile's volume bestows upon us at least a nodding acquaintance with a galaxy of contemporary "captains of industry": Alfred Ballin, the Hamburg merchant and president of the Hamburg-American Line; Prince Maximilian zu Fürstenberg, trust-magnate and multi-millionaire; Arthur von Gwinner, banker and backer of the Bagdad railway; Emil Rathenau, owner of the German General Electric Company; August Scherl, founder and proprietor of the *Berliner Lokal-anzeiger* and head of a newspaper syndicate; August Thyssen, the steel and iron "king" of Germany; Bernhard Dernburg, "the wealthy business man in politics"; and, of course, the Krupps. And all our books make some mention of the industrial revolution in Germany.

Several years have now elapsed since Mr. J. A. Hobson published his *Imperialism*, setting forth with a wealth of supporting facts the doctrine that the capitalists and manufacturers of industrial states are ever on the outlook for the acquisition by their governments of undeveloped regions which may provide ready markets for surplus manufactures and furnish fields for the favorable investment of surplus capital. If this doctrine is sound—and there appears little to disprove it in the history of the nineteenth century—it is but natural that the new industrial Germany not only should develop a world-trade but also should seek to establish colonies. It was likewise but natural that Germany should find the best part of the colonial field embarrassingly preëmpted by older industrial states like Great Britain and France.

From these inherent difficulties confronting industrial Germany, several consequences are more or less inevitable. In the first place the Germans adopted their rivals' idea that in the long run the safety of the commerce and the colonies of a given country depend upon the ability of that country to maintain great armaments on sea as well as on land. To combat this idea, Mr. Norman Angell has written several

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thoughtful works, but seemingly to little avail. Every book at hand expressly or tacitly ignores Mr. Angell's arguments and insists upon the idea. Even Wile, the Englishman, implies "that the £75,000,000 or £80,000,000 a year which Germany spends on the upkeep of her army and navy—she is spending over £115,000,000 in 1913—is not too high a price to pay for the defence of national honor or for an insurance premium on a foreign trade aggregating roundly £1,000,000,000 per annum" (page 40). Bernhardi emphasizes (page 82) not only the insurance-value of a large navy but the imperative necessity of acquiring new colonies for surplus German population as well as for surplus German goods. Bülow dogmatically affirms that "commerce and industry have only flourished so because peace was preserved by the strength of our armaments, and they will only be able to continue to thrive in the future if the protection of our armaments is maintained in undiminished strength" (page 262).

In the second place German statesmanship and German diplomacy were given a new trend. The change was not radical until after the retirement of Bismarck in 1890. Then it was that France and Russia drew together, and the masterly diplomatic isolation of the former was no longer complete. Bülow urges that France, as ever, was nursing her spirit of revenge, but freely confesses that Russia was piqued by German financial investments in Turkey as well as by German backing for Austrian aggrandizement in the Near East, and that Russia, moreover, had need of French capital for her own industrial development. The first serious break in Bismarckian diplomacy was registered by the announcement in 1895 that Russia and France had formed the Dual Alliance. To the period of French isolation succeeded the period of the "balance of power" between the Triple and Dual Alliances, with Great Britain in a pretty strictly neutral position—aware, however, both of grave commercial rivalry with Germany and of grave colonial rivalries with France and Russia.

The second serious break in Bismarckian diplomacy was the defection of Great Britain from this strictly neutral position. Whatever other considerations may have furthered such a defection, there can be no doubt that the immediately deciding factor was the application of German militarism to the seas—the construction of the German navy. To say nothing of the exhortations of such authoritative writers as Captain Mahan, the Spanish-American and Boer Wars taught both British and Germans lessons that they took much to heart. In 1898 Admiral von Tirpitz became German secretary of state for the imperial navy; the Navy League under the presidency of Admiral von Koester

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increased its far-reaching activity; and in 1900 it was the Kaiser himself who proclaimed that "Germany's future lay upon the water," that a mighty fleet was "a bitter necessity," that "the ocean was essential to Germany's greatness," that "the trident must be in Michel's hand," that "the more Germans who went to sea, the better for the Fatherland."

Henceforth the building of German fleets went feverishly forward. Obviously the Germans were learning from the English the lesson—whether sound or fallacious is not for us to determine—of the supreme importance of sea power. The governments of the two countries thus entered frankly into a naval competition with each other, and between the two nations, now patriotically stimulated by this competition, acute ill-feeling soon manifested itself. Neither the fair words of conspicuous members of the Liberal government of Great Britain since 1906 nor the laudatory policy of the German government in sending such conciliatory diplomats to London as Marschall von Bieberstein or Prince Lichnowsky proved antidotal to the sentiment of nationalism when applied practically to militarism on the seas and to imperialism beyond the seas.

The credit—or debit—for Great Britain's departure from her traditional policy of "splendid isolation" and for the establishment of the *entente cordiale* between Great Britain and France is generally assigned by our German authors to Edward VII. But that is quite as far-fetched as the conviction in the minds of many ill-informed persons that the present war was caused by William II. No one individual made the war; nor did any one individual fashion the *entente cordiale*. Edward VII was undoubtedly fond of Paris, and Frenchmen liked Edward VII. But the British government under whose auspices the *entente* was consummated and likewise the Anglo-Japanese alliance was formed, was a Unionist government, a government that particularly represented the British imperialists—Joseph Chamberlain, Rudyard Kipling, Cecil Rhodes, and even our Professor Cramb—a government that prosecuted the Boer War and that was morbidly aware of the significance of German competition in industry, commerce, navy, and colonies. It was in the very nature of things that the governing class of Britain should discuss with France possible future action against the common enemy.

If there be one man who deserves special mention for the newer diplomatic developments, it is not, however, an Englishman but a Frenchman, the persevering, tactful Delcassé. It is surprising to find no reference to him in the British apologies, and only fugitive mention

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in the German works. Yet he appears on the diplomatic stage of the last fifteen years as a veritable Nemesis of Bismarck, taking nice advantage of changed circumstances to effect an isolation of Germany almost as complete as the isolation to which Bismarck formerly condemned France. Remaining ever a staunch advocate of the Dual Alliance, Delcassé participated in the negotiations that removed the Fashoda incident of 1898 from the field of national conflict between France and Great Britain and signed the various conventions of 1904 which settled all outstanding colonial disputes between the two powers. With consummate statesmanship he weathered the storm and stress of 1904–5, when the war between Russia, the ally of France, and Japan, the ally of Great Britain, threatened the recently-inaugurated *entente*. And the comparatively lenient terms of peace imposed upon Russia by Japan were due quite as much to M. Delcassé as to Mr. Roosevelt. In fact the Russo-Japanese war created an international situation that admitted of the expansion of the Dual Alliance into the Triple Entente. The demonstrated weakness of Russian militarism at once stimulated the French to win other allies and removed much of the chronic British fear of further Russian aggrandizement in Asia. In 1907 the governments of Great Britain and Russia amicably adjusted their imperial differences, and the Triple Entente was a *fait accompli*. Its fruits were manifest in the Moroccan incidents of 1909 and 1911, in the support accorded to the Balkan states against undue Austrian interference in 1912 and 1913, and in the War of the Nations. Nor was the Triple Entente the only object dear to the heart of Delcassé. To weaken the Triple Alliance by means of improving the relations between Italy and France became his secondary purpose, with such successful issue as appears in the present war.

Naturally the new diplomatic situation caused apprehension in Germany. It was no longer a question merely of defending East Prussia and Alsace-Lorraine; it was a question of world power. "If the course of events demands that we transcend the limits of Bismarck's aims, then we must do so" (Bülow, page 16). Neither in Bülow, the statesman, nor in Bernhardi, the soldier, is there the slightest confirmation of Professor Münsterberg's assertion that "Germans know that the fight is not for distant places or for the gains of the mighty" (page 9). All indications point to the exact contrary, and Bülow is almost as emphatic on this point as Bernhardi.

Prince von Bülow, it will be remembered, was German chancellor from 1900 to 1909; and the chief interest of his book, which appeared in its German dress in 1913, lies in his detailed apology for the con-

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duct of German diplomacy during those very years when Italy was weakening in her allegiance to the Triple Alliance and when the Triple Entente was taking form. Bülow sounds the keynote of his policy, both domestic and foreign, in the ringing words: "It is not the duty of the government in the present time to concede new rights to Parliament, but to rouse the political interest of all classes of the nation by means of a vigorous and determined national policy, great in its aims and energetic in the means it employs" (page 341). He denies his willingness or ability to utilize the Fashoda incident or the Russo-Japanese War in order to bring France and Russia into alliance with Germany. He glories in the Agadir incident and claims that it was he himself who inspired the Kaiser to make that melodramatic entry into the Moroccan Question. He exults in the Austrian annexation of Bosnia and Herzegovina and boasts that German threats of war sufficed to secure Russian acquiescence in that high-handed violation of the Treaty of Berlin. But while he takes pride in the German "world policy" of recent times, he remains remarkably oblivious to the danger of Germany's international isolation. "The ingenious isolation of Germany, for some time the terror of timid souls, proved to be a diplomatic illusion devoid of political actuality" (page 63). He discounts the strength of the Triple Entente, demonstrates from events in 1908 that its members have little in common, and insists that self-interest will cause Italy to fight in the next war on the side of Germany and Austria. From what we now know of the diplomatic developments in July, 1914, it would seem as though Bethmann-Hollweg was a most literal disciple, as well as official successor, of Prince von Bülow.

Not even the "Slavic Peril" ruffles Bülow. He implies that the German tariff law of 1902, which imposed heavy duties on the importation of agricultural products from Russia, increased the economic rivalry between Russian and Prussian farmers—possibly an economic interpretation of the "Slavic Peril"—but he is strongly of opinion that no real enmity can exist between the governments of two such splendidly conservative states as Russia and Germany. In view of the calm attitude of a distinguished man like Prince von Bülow, it is well-nigh mirth-provoking to read Professor Münsterberg's plea to the American people to believe that Germany had "to trust in her sword and in her prayer," unless the "half-cultured Tartars" and "the Cossacks with their pogroms were to crush" civilization (pages 9, 30, 98). In fact, Bülow maintains that at least to Asia "Russia is justified as a bearer of higher civilization" (page 294).

If Bülow's book is intended to disarm critics who denounce his inter-

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national achievements as paltry and his indifference to the formation of the Triple Entente as highly dangerous, then Bernhardi's *Germany and the Next War* is a fearless expression of a critic who will not be disarmed. One with Bülow on the need of a "world policy" for Germany, on the need of fleets and colonies, he differs from Bülow in taking most seriously the agreements of France, Russia, and Great Britain as directed primarily against Germany, and in doubting the loyalty of Italy to the Triple Alliance. That the German people, in this particular, were more correctly represented by Bernhardi than by Bülow is borne out by the popular excitement aroused by the Balkan War and by the increasingly popular support accorded to the army bills of 1912 and 1913.

The Armament Bills of 1912 were passed by the whole of the German middle-class parties in the Reichstag. The Army Bill of the year 1913 met with such a willing reception from all parties as had never before been accorded to any requisition for armaments on land or at sea. For the Army Bill itself no serious exposition was really required. [Bülow, page 201].

Indeed it was fear that seized the European nations in 1912 and 1913. Nationalism, imperialism, militarism—these three—had produced their seemingly inevitable results in a veritable panic of fear. The German Army Act of 1913 raised the peace strength to 870,000 and the war strength to 5,400,000 men. The other powers shaped their policy in accordance with Germany's example. France lowered the age-limit for commencing service from twenty-one to twenty and lengthened the term of active service from two to three years. Belgium introduced universal military service in place of her former lenient system. In Russia a secret session of the Duma was held to pass a new army budget, and the term of service was raised from three to three and a quarter years. Austria alone provided for no great increase in the numerical strength of her army, but passed a budget for extraordinary naval and military expenditures, to the extent of $140,000,000, to be incurred in the first six months of 1914.

In any of these countries might then have been written as Bernhardi wrote in Germany:

When a State is confronted by the material impossibility of supporting any longer the warlike preparations which the power of its enemies has forced upon it, when it is clear that the rival States must gradually acquire from natural reasons a lead that cannot be won back, when there are indications of an offensive alliance of stronger enemies who only wait the favorable moment to strike—the moral duty of the State towards its citizens is to begin

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the struggle while the prospects of success and the political circumstances are still tolerably favorable; when, on the other hand, the hostile States are weakened or hampered by affairs at home and abroad, but its own war-like strength shows elements of superiority, it is imperative to use the favorable circumstances to promote its own political aims [page 53].

For Germany, Bernhardi maintains, the issue is "world-power or downfall." For Great Britain, and for France too, patriots were soon to be found who would proclaim the same choice.

From the beginning of 1914 the powder-magazine of Europe was pretty well stocked, and the tiny spark which set it off was, as everyone knows, the assassination, by Serb conspirators on June 28, 1914, of the Austro-Hungarian heir-apparent, the Archduke Franz Ferdinand, and his consort, at Sarajevo, the capital of Bosnia. Thenceforth events marched fast until Germany and Austria-Hungary and the Ottoman Empire were arrayed in arms against Russia and France and the British Empire and Belgium and Japan and Servia and Montenegro, with little Portugal offering 10,000 soldiers to Great Britain. Into the confused diplomatic negotiations of July and August, 1914, it is not the purpose of the present review to enter. Chief of what is publicly known to the world of these events is contained in the German and British White Papers, and in the Russian Orange Paper, published as convenient appendices to the Oxford Apology. Two chapters in this book—"A chronological sketch of the crisis of 1914" and "Negotiators and Negotiations"—assemble the facts favorably to the British cause; and the same task is performed popularly and creditably by Mr. Kennedy in the volume of "The Daily Telegraph War Books" on *How the War Began*. On the German side no real apology is as yet available in book form, for Professor Münsterberg's volume is rather an appreciation of German culture and a severe arraignment of the Russians than an apology for German diplomacy, and at the same time is so impressionistic and so replete with errors and misrepresentations—of which, by actual count, there are at least twenty-nine—that it is likely to do the German cause more harm than good.

In reading the books before us which deal at least indirectly with so many phases of the ideals and civilization of the nineteenth and early twentieth centuries, one is impressed by the influence of the intellectual class in fashioning the *thought* of nationalism and in directing the events that have led straight to the present war. Particularly, one is struck by the political and national uses to which our modern science is constantly put. In one book after another—German and English—the reader is bound to notice how such a scientific hypothesis as

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evolution, properly applicable to biology, is accepted as a genuine law in the improper field of sociology. The work of Huxley and Spencer in popularizing Darwin's theory of the origin of species by means of natural selection synchronized with the national achievements of Italian and German unification, with the defeat in arms now of Austria and now of France; and Spencer's fine phrase of "the survival of the fittest" seemed to the ignorant and to the half-educated (and the number of half-educated is certainly greater in recent times than in any earlier period) especially applicable to the rise of nations. Even Nietzsche, though an uncomfortable decrier of German nationalism, showed the influence of misinterpreted Darwinism in his repeated incitements of the superman ruthlessly to trample under foot the servile herd of the weak, degenerate, and poor in spirit, and in his interpretation of "strength" as physical endowment; for, after all, it has sometimes to be acknowledged that the physically feeble, by their combination and cunning, prove stronger than the "strong."

But by the time that Neitzsche, Spencer, and Huxley had inspired a host of the intellectually-minded to carry over Darwinian phraseology into the contemporary world of affairs and to apply it to our workaday social organization, another group of the intellectually-minded—in this instance, the historians—had already placed our workaday social organization upon national bases. National history appeared in England, in France, in Italy, and, above all, in Germany. In the last-named country, it is impossible to deny the force of literary and academic ideas. Just as a series of inflammatory writings, partly the work of the Tugendbund, partly the work of men like Arndt and even Stein, preceded the Prussian uprising against Napoleon, so in a later decade such a series preceded the war against Austria and France.

The causes of the wars of 1866 and 1870 can be so treated as to appear the work of professors and historians. What is Droysen's *History* but a pamphlet in six volumes in which Prussia stands out as the model State? And the *French Revolution* of Sybel is a counterpart of the writings of Droysen and Treitschke in its arraignment of the French nation [Cramb, pages 16-17].

Likewise are Ranke and Giesebrecht, Häusser and Mommsen, Pertz, the biographer of Stein, and Delbrück, the biographer of Gneisenau. "The greatness of Prussia and the fate-appointed world-task or world-mission of Germany under the sacred dynasty of the Hohenzollern is the inspiration of all these men" (Cramb, page 82).

It was the mission of Treitschke, professor at Berlin from 1874 to

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1896, to unite the two chief intellectual currents of his time—national history, and the popular conception, or misconception, of Darwinism. In sombre language that recalls the implacable Hebrew poets and prophets, Treitschke interpreted the past in the terms of a fated evolution of the German nation, and proclaimed for the future the triumph, through might of valor and might of mind, of the German state. Nationalism, Imperialism, Militarism — again these three — were preached to thousands as the highest and most certain of the natural laws established by sound science. "The State," wrote Treitschke

> is a moral community. It is called upon to educate the human race by positive achievement, and its ultimate object is that a nation should develop in it and through it into a real character . . . Ultimately the State is the transmitter of all culture, and is therefore entitled to claim all the powers of the individual for itself. . . . War is elevating, because the individual disappears before the great conception of the State. . . . It has always been the weary, spiritless, and exhausted ages which have played with the dream of perpetual peace. . . . Among all political sins, the sin of feebleness is the most contemptible; it is the political sin against the Holy Ghost.

No one can deny the influence of Treitschke's ideas upon modern Germany. By Germans he is cited as "the national historian." Bülow begins his book with a quotation from Treitschke, and recurs to Treitschke as authority for recent developments in German nationalism. Bernhardi cites Treitschke no less than twenty times within a hundred pages and utilizes his phrases as texts about which to construct elaborate theories of imperialism and militarism. From the "scientific" generalizations of Treitschke is deduced a religion of valor. This is the most suggestive contribution of Bernhardi:

> "War is the father of all things." The sages of antiquity long before Darwin recognized it. The struggle for existence is, in the life of Nature, the basis of all healthy development. All existing things show themselves to be the result of contesting forces. So in the life of man the struggle is not merely the destructive, but the life-giving, principle [page 18].
>
> War gives a biologically just decision, since its decisions rest on the very nature of things [page 23].
>
> The knowledge, therefore, that war depends on biological law leads to the conclusion that every attempt to exclude it from international relations must be demonstrably untenable. But it is not only a biological law, but a moral obligation, and, as such, an indispensable factor in civilization [page 24].

Moreover, according to Bernhardi and to Treitschke as well, nationalism is the unit of this biological struggle.

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To expand the idea of the State into that of humanity, and thus to entrust apparently higher duties to the individual, leads to error, since in a human race conceived as a whole, struggle and, by implication, the most essential vital principle, would be ruled out. Any action in favor of collective humanity outside the limits of the State and nationalism is impossible. Such conceptions belong to the wide domain of Utopias [page 25].

How utopian, then, are the modern peace societies! How utopian were the Greeks, the Romans, and the peoples of the early Middle Age!

It is not without significance that this application of a biological hypothesis to modern nationalism is accepted by Bülow quite as readily as by Bernhardi. "In the struggle between nations," writes the honored ex-chancellor, "one nation is the hammer and the other the anvil; one is the victor and the other the vanquished" (page 291).

If ever the battle between the higher and lower civilization should cease in the world's history, our belief in the further development of mankind would lose its foundation. We should be bereft of a great and ideal faith [page 294].

We must realize that there is no such thing as permanent peace, and must remember Moltke's words: "Permanent peace is a dream, and not even a beautiful one, but war is an essential element of God's scheme of the world" [page 267].

Politics is a rough trade in which sentimental souls rarely bring even a simple piece of work to a successful issue [page 314].

Even Professor Münsterberg, who devotes a large part of his book to showing that in the present war Germany has been treacherously attacked by a host of half-barbarous and unscrupulous enemies, cannot dismiss the popular belief in the "the fundamental law of five thousand years of history that ultimately the life needs of healthy nations are decisive" (page 185) but holds fast to the faith that "only war can adjust the power of countries to the changing stages of their inner development." "It is easily said, and the average American likes to say it, that nations ought to respect the possessions of other nations as individuals respect the private property of their neighbors. But this apparently highest morality would be the grossest immorality" (page 190). At the end, the professor loses all restraint and breaks forth into a mighty pæan: "A victorious war may bring to a nation a complete regeneration—the moral energies awake; vice is repressed; life is protected; education flourishes; hygiene spreads; science rebuilds the land; prosperity grows; temperance and self-discipline prevail; family life can expand in the new abundance" (page 195).

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It is the business of the chapter entitled "The New German Theory of the State" in the Oxford Apology to expose the influence of Treitschke upon the intellectual class of modern Germany and likewise upon German statesmen and soldiers. With its positive statements there can be little disagreement: but one important fact it leaves out of consideration altogether—the parallel thought in Great Britain and France. After all, the popular misconception of Darwinism and the application of biological hypotheses to modern nationalism is lamentably not a peculiarity of Germans. Spencer was an Englishman, and English writers have told us much about the "manifest destiny of the Anglo-Saxon race," the inherent superiority of "Anglo-Saxon" institutions and of the "Anglo-Saxon genius," the "white man's burden," "the struggle for existence," and all the rest of it. British nationalism, British militarism, at least on the high seas, and the British Empire have been extolled as unmistakably if not as unanimously as their German counterparts. It would be an interesting diversion were some German apologist to prepare an anthology of imperialism, militarism, and nationalism, drawn exclusively from British historians and from such an obsessed poet as Rudyard Kipling. The neutral American would delight in the opportunity thus afforded him of making comparisons.

It is the business of the late Professor Cramb's whole volume to present the intellectual atmosphere of Germany as one in which the doctrines of Bernhardi found life and nourishment and growth. With the exception of a few exaggerations, especially in the footnotes, it is a creditable presentation of the views of the Prussian school of historians. But the amazing thing about Professor Cramb is that he makes no attempt to combat these ideas or to maintain that any other ideas should find lodgment in England. He proves himself a nationalist of nationalists, a militarist of militarists, an imperialist of imperialists. He is a Tory of Tories, who sees in Lord Salisbury, "at once in his personality and in his genius, . . . the greatest statesman in English history since the eighteenth century, the last great Englishman of the line of Stafford, Somers, Bolingbroke, Carteret, Chatham, and Canning" (page 41), and who bewails among the Liberals now in office in Great Britain "the defect of even second-rate statesmen" (page 75). He would have Englishmen as devout in the worship of the Religion of Valor as are the Germans.

The friendship of nations is an empty name; peace is at best a truce on the battlefield of Time; the old myth or the old history of the struggle for ex-

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istence is behind us, but the struggle for power—who is to assign bounds to its empire, or invent an instrument for measuring its intensity? [pages 147-148].

War remains as the supreme act of the State, unchanged in essence, though varying in mode. In Europe, which really governs the planet, every advance in politics or religion has been attended by war [page 59].

Let not Christians seek to stay the execution of the inevitable God-given law of war, for "the peace which Christ came to proclaim was not the peace of the ending of battles: it was the peace within the soul, the spirit at one with itself, Islâm, in the sense that Mohammed used it, a metaphysical peace altogether apart from political peace" (page 54).

If the German Bernhardi is the mufti of the Religion of Valor, the Englishman Cramb is its dervish. It is Cramb, not Bernhardi, who rises to mystical heights.

In war and the right of war man has a possession which he values above religion, above industry and above social comforts; in war man values the power which it affords to life of rising above life, the power which the spirit of man possesses to pursue the Ideal. In all life at its height, in thought, art and action, there is a tendency to become transcendental; and if we examine the wars of England or of Germany in the past we find governing these wars throughout this higher power of heroism, or of something, at least, which transcends reason [page 67].

Transcends reason! This is real obscurantism with a vengeance. This is the truest reason for the War of the Nations, something that "transcends reason." Until such pseudo-scientific obscurantism be dispelled from the minds of the so-called intellectual classes of all the nations, the end of war is not in sight.

CARLTON HAYES.

COLUMBIA UNIVERSITY.

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REVIEWS.

Judicial Interpretation of Political Theory. By WILLIAM BENNETT BIZZELL. New York, G. P. Putman's Sons, 1914.—v, 273 pp.

During the last few decades the Supreme Court—its history, its powers, its influence—has been the object of demagogic insinuation and attack, the subject of honest criticism, and the theme of scholarly researches. Few now believe that the court determines the economic, political, and human problems placed before it with the impersonal and mechanical accuracy of a computing machine. There is searching for the psychology, politics, and economics which lie behind the great constitutional decisions. The mind is naturally directed toward this problem as it approaches Dr. Bizzell's book, which its sub-title declares to be "a study in the relation of the courts to the American party system." The preface justifies the book's existence by the wide attention recently given to the court's power "to pass upon partisan and political views," while the introduction argues at length that "party conviction has always been recognized as an essential qualification for the Supreme Bench." This promise of a study into the court's political motives is not, however, fulfilled. Whatever may have been the author's purpose, his net accomplishment is to remind us that party issues have arisen in our political history and that the Supreme Court has directly or collaterally rendered opinions which relate to them.

As the opportunity thus to interpret political theory results from the court's power to pass upon the validity of statutes, the author presents first a review of the origin and nature of that power. The ten chapters which follow are devoted in turn to a consideration of the theory of constitutional construction, the nature of the federal union, imperialism versus expansion, internal improvements, the United States Bank, legal tender, the protective tariff, the income tax, direct legislation and the recall of judicial decisions. In each case a sketch of the history of the party issue under consideration precedes a survey of the judicial opinions upon this or supposedly related points. Not infrequently a conclusion is ventured as to the effect of the judicial utterance upon the party issue. In the main, however, the author prefers not to play the rôle of philosopher.

The conclusion drawn from this survey of constitutional and political history is that "most of the fundamental problems and questions re-

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lating to our national existence have found final solution," and that "more and more are the American people looking to the federal courts as the final arbiter of their political issues." So astounding a conclusion will hardly carry conviction of itself. Whatever proof might be adduced to sustain it, it is perfectly certain that Dr. Bizzell's array of evidence fails to do so. In the first place it appears that upon some of the party issues, such as internal improvements and protective tariff, there has been no direct adjudication by the Supreme Court. In the second place most of the party issues upon which the court has directly or collaterally rendered judgment, for example, constitutional construction, nature of the federal union, United States Bank, imperialism, etc., have continued to be party issues in spite of such decisions. And lastly, in the one case, the income-tax decision, where a statute which was a subject of party difference was held to be unconstitutional, the issue emerged again in the question of removing that disability. In short, it has not been shown that a single one of the problems considered has been finally determined by the Supreme Court. The author's conclusion loses sight of the fact that the expediency of a party measure is a matter quite apart from its constitutionality and that an adverse opinion of the court upon it may be overruled by a constitutional amendment.

Not only does the evidence presented fail to sustain the conclusion drawn, but the character and use of the evidence itself is open to criticism. The book abounds in inaccuracies of statement and in warped interpretations of judicial opinions. On page 175 the decision in the case of Hylton *v.* United States is introduced to show the court's attitude on the question of protection, when the case stands merely for the proposition that the carriage tax as levied was not a direct tax, but a duty. On page 179 an attempt is made to read the court's attitude on the same subject in the following excerpt from Field *v.* Clark: "Unless it be impossible to avoid it, a general revenue statute should never be declared inoperative in all its parts because a particular part relating to a distinct subject may be invalid." In the discussion of direct legislation the statement on page 211 with reference to Ohio is incorrect. On page 216 it is further declared with reference to direct legislation that "no deliverance, as yet, has been made by the Supreme Court on this subject." This overlooks the case of Pacific Telephone Company *v.* Oregon, 223 U. S. 118, handed down in 1911, which held that the question whether the initiative and referendum violated that clause of the federal Constitution guaranteeing to the states a republican form of government, was a political question which must be left to Congress

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for determination. Unfortunately these lapses occur in regard to points which are neither trivial nor irrelevant.

A word may be said of the sources from which the author derives his information. They are, with few exceptions, highly respectable and well seasoned. And this is well, for they are made to do valiant service. A preference is shown for general manuals and secondary authorities as over against more detailed researches. The extended and frequent use made of this type of authority prevents the study from rising to the dignity of a scientific research.

Dr. Bizzell's work can hardly have been designed to serve the academic world. It is aimed rather to meet the needs of the reader whose study of our constitutional and political history has not been intensive. For such a reader it will prove a useful isolation of material. His mind will be refreshed by its familiar truths, while ordinary alertness will protect him from its more palpable errors.

ROBERT E. CUSHMAN.

COLUMBIA UNIVERSITY.

The Department of State of the United States. By GAILLARD HUNT. New Haven, Yale University Press, 1914.—viii, 459 pp.

By reason of his long service in the Bureau of Citizenship and his intimate knowledge of the records and archives of the United States, Mr. Hunt is peculiarly qualified to write a treatise on the Department of State, and students of government will welcome this volume from his pen. As he informs us, he has set before himself the task of relating the history and describing the functions of the Department as an administrative machine. He makes no excursions into diplomacy and deliberately avoids the invitation to humanize his volume by commentaries on the lives and work of even a few of the forceful and picturesque gentlemen who have occupied the high office of secretary of state.

About one-fourth of the volume is devoted to an account of the origin of the Department—the old Committee on Foreign Affairs, the establishment of the Department of Foreign Affairs, and the creation of the Department of State. Then follows a record of the functions which were formerly vested in the Department, but have now passed out of its jurisdiction, such as the granting of patents and the publication of the census returns. The occasional duties of the Department—for instance, services as the official medium in the matter of international exhibitions—are summarily treated, and the remainder of the book is devoted to organization and departmental functions and rules. The regular duties of the Department—the custody of the seal, publication

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of the laws, preservation of certain records and documents, supervision of the consular and diplomatic service, issuance of passports, negotiation of treaties, and several minor functions—are described in considerable detail in about two hundred pages.

The materials used in the preparation of the volume are chiefly statutes, orders, official letters and public documents; and the value of the work is greatly enhanced by the large number of illustrative papers published in full.

Although the student of the history of American government will find the volume highly informing, one looking for a minute account of the present administration, systematically presented, will be somewhat disappointed. Mr Hunt's interests are clearly those of the historian rather than of the student of administrative law. In fact, the mere organization of the Department of State as it stands today is dismissed in four pages (244–247), while the story of the mechanical device for affixing the great seal of the United States occupies eight pages (249–256).

Although grateful for what we have received, we cannot help wishing that Mr. Hunt had described for us the secretary of state as a great departmental, diplomatic and political officer of the government of the United States. There is yet room for a book on the Department of State viewed from the political angle, and for still another book on the administrative law of the Department.

CHARLES A. BEARD.

The Britannic Question. By RICHARD JEBB. New York Bombay and Calcutta, Longmans, Green and Company, 1913.—262 pp.

The indifference and apathy respecting things imperial which used to characterize political thought both in Britain and the colonies has been dissipated by the growth of the new imperialism of the last generation. Today the permanence of the imperial relation is everywhere taken for granted. The present structure of the empire, however, is anomalous, appears to be transitional, and has evoked much effective criticism. Imperialists, in general, favor and look for reform, but they are by no means agreed upon the principles which it ought to follow. The "Britannic Question" may be defined as the problem of the reorganization of the British empire. The present study by Mr. Jebb discusses with much knowledge and penetration the two most important plans of reform which a half century of intellectual effort has brought forth: Imperial Federation and Britannic Alliance.

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Imperial Federation had its origin in Britain and has found its strongest support there. As understood by Mr. Jebb, its advocates propose the establishment of a federal union between the five autonomous "nation-states" of the empire: the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa. The plan involves the creation of a federal parliament with a federal executive responsible to it. If the representation of the component states in the federal parliament is to be based upon population, as is generally proposed, the United Kingdom would for the present and immediate future predominate, since its population is greater than that of the other four states combined, and would control the executive. Federation would thus spell British ascendancy, a fact which goes far to explain the support which it has found in Britain and the opposition it has encountered in the Dominions. Mr. Jebb holds that it would be impracticable to restrict the federal government to foreign affairs and defence, as many federalists have proposed, and believes that it would be found necessary to confer upon it the power to regulate commerce and, to a limited extent at least, the power to impose taxes. Readers familiar with the author's earlier writings upon imperial subjects, especially his *Colonial Nationalism*, will not be surprised to learn that Mr. Jebb does not view federation as the best solution of the Britannic Question. He is an ardent believer in nationalism, and holds that federation would "threaten the untimely ending of a promising experiment, by dispersing young and vigorous national patriotisms which were successfully evolving the institutions required for their expression." Under federation the Dominions would inevitably be shorn of some of the powers which they now exercise and which are essential to the full development of their nationality.

The school of imperialism to which Mr. Jebb belongs is older than Imperial Federation; it originated in Canada some fifty years ago. Sir John Macdonald, who was actively concerned in the establishment of the Dominion of Canada, was one of its founders. It conceives of the empire as a group of allied nations, a Britannic Alliance. It is no mere temporary alliance of expediency that this school proposes, but a perpetual alliance based upon sentiment and the more solid foundation of joint economic interests. "It rests on the theory that in democratic communities the integrating force which tends to make them 'organic' is not the compulsive power of a central government but the conscious sense of mutual aid in living, of which the public policy must always be an expression if the 'unity' is to endure." Mr. Jebb asserts that if Britannic Alliance is to be the goal of imperialism there is no need for any

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new imperial government or "any dramatic act of constitution-making." All that is necessary is the "*deliberate* continuation of developments already well begun on lines which have pointed to a comprehensive and intimate alliance as the future form of Britannic union." Great emphasis is laid upon the Imperial Conference as susceptible of development into the central organ of a permanent alliance. A helpful series of diagrams is appended illustrating various conceptions of the organization of the empire.

The present war must have its effects upon the Britannic Question, although it is, of course, too soon as yet to hazard a forecast. To all appearances it will powerfully stimulate the tendencies toward Britannic Alliance.

R. L. SCHUYLER.

The Mexican People: Their Struggle for Freedom. By L. GUTIERREZ DE LARA and EDGCUMB PINCHON. New York, Doubleday, Page and Company, 1914.—xi, 360 pp.

This volume, announced under joint authorship, is substantially the work of Sr. Gutierrez de Lara, a Mexican who knows the present social and political conditions of his country. The author, after a classical education, became a local judge in northern Mexico, where he had to decide cases brought by the large landholders for dispossessing the peons, who claimed to hold their titles under the Constitution of 1857. The law was against the peons and, as judge, Sr. Gutierrez de Lara had to decide against them, till at last he revolted and began giving decisions contrary to legal enactment. This brought him in conflict with the higher authorities and he was imprisoned many times and finally forced into exile.

This story of the author's life accounts for the character of the volume. He is a Socialist, and he writes his history of the struggles of the Mexican people during the past century from a frankly socialistic viewpoint. In his book the writer sums up the whole Mexican struggle as being one for "land." "They are fighting today as they fought in the days of Hidalgo, of Morelos, of Guerrero, of Gomez Farias, of Juarez, for the land, for democracy. They will triumph" (page 358). This view is too idealistic, for in placing his emphasis here, the author neglects to explain that often the promise of a distribution of "land" was the inducement offered by groups of the ruling class to secure the coöperation of the peons in factional struggles for power.

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An interesting chapter is devoted to the Constitution of 1857, of which the author says:

> It has no parallel in history, no kindred human document with which it may be compared, because it is the first Constitution of the People, the first expression of a pure democracy—as opposed to a bogus democracy, the first national enunciation of the principle that the foundation of all social institutions is the Rights of Man—as directly and unalterably opposed to the Rights of Property [page 201].

But notwithstanding all this verbal perfection, it is all too evident that this document has failed to bring peace and happiness to the country.

Sr. Gutierrez de Lara explains internal political conditions of Mexico, during the past century, as governed by the threat of foreign intervention. This charge of the collusion of his own and other governments, for the purpose of crushing the peon, is most severe and must be given consideration by every thoughtful student of Mexican affairs. His analysis of the situation is overdrawn, for if it were entirely true, then Mexico has always been the victim of the designs of a traitorous ruling class and the base machinations of the politicians of her northern sister. In defence of his thesis, he points to the war with the United States, the French intervention, and the later relations with the United States as examples of how the system was employed to sustain the interests of the ruling class as against those of the people. "Thus we have Porfirio Diaz president of Mexico by the grace of American 'Big Business' through the immediate instrumentality of an unpopular army revolt, and as a direct result of the national fear of United States intervention" (page 297). The dictatorship of Diaz receives scant courtesy from the author, who describes it as a period of exploitation of the laboring class and usurpation of the land from its rightful owners. The failure of Madero is explained by his weakness and his surrender to the ruling class.

While the earlier portions of the book fail to carry conviction that there was as much conscious socialism in the thought and action of the leaders in Mexico before the time of Diaz, as the author holds, yet the latter part establishes clearly that one of Mexico's biggest problems of today is the land question. The author presents a point of view which deserves thoughtful consideration.

ROSCOE R. HILL.

COLUMBIA UNIVERSITY.

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Lincoln, Labor and Slavery. By HERMAN SCHLÜTER. New York, Socialistic Literature Company, 1913.—237 pp.

Mr. Schlüter's book is an interesting chapter from the social history of the United States. It is truly, as the author claims, the first connected story of the part which the industrial workers played in the great crisis of the American nation. Its scope is even larger, because it not only treats of the attitude of American labor to slavery and to the Civil War, but devotes some very interesting pages to the influence exerted by the workingmen of England.

Mr. Schlüter does not pretend to be impartial. He frankly states his position, which is that of economic determinism. He regards history from the point of view of class struggle and is desirous of tracing this idea throughout the period which forms the subject-matter of his study. His success in this respect, however, is but partial. In fact, some of the most interesting facts connected with the Civil War demand a different interpretation. Mr. Schlüter, for instance, traces the attitude of the white workers of the South who took the part of the ruling slave-holders. Evidently that was not in harmony with their economic or political interests. The author is forced to admit that one has to fall back upon race antagonism for an explanation.

Even the attitude of the northern workers can not be wholly explained on economic grounds. Mr. Schlüter tells the interesting story of the German workers in America who formed a considerable part of the organized labor movement of the forties and fifties. As he shows, they practically ignored the whole problem of slavery. Even such advanced spirits as Weitling paid no attention to it. Yet a larger understanding of the aims of the labor movement would have led to a different attitude. The author ignores here a factor which evidently played its part. The German workers upon their arrival in this country could not at once grasp the problems of American life in their true perspective.

A point which is of some interest is the lukewarm attitude of the organized workers of New England to the problem of slavery. From hostility to abolition in the thirties, it softened down to a mild condemnation of slavery in the forties and fifties. But it never developed into a strong anti-slavery feeling. Mr. Schlüter sees the cause of this phenomenon in the class consciousness of the New England workers who were primarily interested in the struggle against wage-slavery. Yet the facts brought forward would support the contention that this so-called class consciousness was nothing more than narrow group-egotism. It

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had no larger basis and made no wider appeal. The absence of such egotism explains the fact that the abolitionists found greater response among the unorganized workers.

The pages of the book devoted to the workingmen of England are among the most interesting. Lincoln displayed his ability to recognize merit when he characterized the anti-slavery efforts of English workmen as "an instance of sublime Christian heroism which has not been surpassed in any age or in any country." The addresses of the English workers to Lincoln and his replies are truly inspiring documents.

The author quotes some interesting documents which show the efforts of workers both North and South to preserve the Union. In the main, as Mr. Schlüter shows, the workers of America were for union and against war. Their participation in the war in large numbers was a result of necessity. As soon as the war was over, labor organizations began to play an important part in allaying sectional bad feeling and in creating a sense of nationality.

Regardless of the defects pointed out above, the book is an interesting contribution to the social history of the United States and particularly to the literature of the America labor movement.

LOUIS LEVINE.

COLUMBIA UNIVERSITY.

The Life and Letters of Harrison Gray Otis. By SAMUEL ELIOT MORISON. New York, Houghton Mifflin Company, 1913.—Two vols., xvii, 335; ix, 328 pp.

Harrison Gray Otis was a typical New England Federalist, one of the rank and file of the close-knit capitalistic aristocracy which, according to John Adams, ruled in that part of the country as surely as did the aristocracy of ribbon and title in Old England. The biography of such a man is therefore a contribution to economics and politics. This is an important exhibit in the history of Federalism. Otis, as a young man, opposed the repeal of the law of Massachusetts forbidding "stage plays," and received the praise of Samuel Adams for having defended "the good old cause of morality and religion." But his conscience did not prevent him from accepting shortly afterward a fee for defending a wicked actor who had violated the law. Very early in his career he made a comfortable fortune by real-estate speculation; to this he added adventures in cotton manufacturing which yielded fifteen per cent dividends; and he was denounced by the "Jacobins" as a mere "automaton of funds, banks, and land-jobbing speculators."

After having laid the foundation of his fortune, Otis went into the

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service of the state. He held many public positions in Massachusetts, he was a member of the national House of Representatives and even rose to the high dignity of senator of the United States. He was one of those who wanted to make Burr president in 1801; he was a member and leader in the semi-treasonable Hartford Convention; he voted to admit slavery to the territory of the United States in 1798; while in the Senate, he sustained vested interests in slavery in Missouri; he voted against slavery extension at last, not on moral or religious grounds or on principles of humanity, but in the hope of maintaining the balance of political power (II, page 230); he violently opposed anti-slavery agitation; and he died "a good old, true old Whig."

From such a career one would not expect any extraordinary enthusiasms or irregularities in morals or politics. But one might expect an occasional relief from labored mediocrity. There is none, however. Indeed, Mr. Morison has to devote a large amount of his time to defending Otis's part in the unhappy Hartford affair and its absurd ending (II, pages 78–199); he is compelled to confess that Otis "was not a success in the Senate" (II, page 215); and he admits that Otis's administration as mayor of Boston cannot be compared with that of Josiah Quincy (II, page 285). The sections on the social aspirations and successes of the Otises, entertaining as they are, afford but little relaxation from the record of a singularly commonplace political career.

Without any of that fine imagination and penetration that characterized Fisher Ames, and devoid of that profound philosophic insight into the springs of human action which John Adams had in theory but could not apply in practice, Otis was destined to a well-earned oblivion until rescued by the laudable interest of a descendant. There could be no objection at all to this rescue, if any new material of real importance were yielded on such matters as the Federalist negotiations over the election of Jefferson in 1801, or the true purpose and spirit of the Hartford Convention; but in these and other particulars, the student of history will be disappointed. Otis knew more or less intimately a generation of interesting and forceful political leaders, but we look in vain in these volumes for new unpublished letters of high significance.

This is not saying that the author has not done his part with skill and insight. On the contrary, Dr. Morison is to be congratulated upon the success of his labors, for it is not often that one finds such an entertaining biography or such a judicious piece of historical writing. To have portrayed accurately the life and deeds of a typical Federalist in his true economic and social setting is not a work of supererogation. The subject of this biography was of little importance personally, but

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the biography itself is a significant contribution to that history of American economics and politics, destined sometime to be written.

CHARLES A. BEARD.

The House of Lords in the Reign of William III. By A. S. TURBERVILLE. Oxford, The Clarendon Press, 1913.—vii, 264 pp.

Students of British institutional history cannot fail to welcome Mr. Turberville's study of the House of Lords in the reign of William III; and they will hope that the complete success with which he has developed an excellent idea will result in other monographs of a similar kind. It is the only attempt, so far as the reviewer is aware, to present a comprehensive picture of the House of Lords at any particular crisis in British history. It is certainly the only one that has been made since so much new material for detailed studies of this kind became available through the work of the Historical Manuscripts Commission. The interest and utility of Mr. Turberville's book are so obvious that it will be somewhat disappointing if monographs on the House of Lords at other great crises are not eventually forthcoming. Pike's *Constitutional History of the House of Lords* has been in good service for twenty years; but there have been comparatively few scholarly studies of the Upper House. The present work suggests similar studies of the Lords, say at the period of the American Revolutionary War; in the ten years preceding the Reform Act of 1832; or in the quarter of a century that lies between the break-up of the old Whig-Liberal party in 1886 and the Parliament Act of 1911.

Except that Mr. Turberville has included no description of procedure at the end of the seventeenth century, there is scarcely an aspect of the House of Lords or of the peerage at that time that has escaped his attention. There is a statistical account of the House—of the peerages created by the Stuarts and by William III; a study of the episcopal bench and of the changes it underwent at the Revolution; an examination of the social position of the peerage at the end of the Stuart dynasty and of the parliamentary privileges claimed by Lords; a chapter on the judicial work of the House of Lords; and also chapters on the Lords and the Constitution and the relations between the two houses. There is, moreover, an ample and clear statement of the part of the Lords in the Revolution settlement; and incidentally, in the chapter on the composition of the House, an examination of the erroneous idea that it was in the reign of William III that there began the period of Whig supremacy in the House of Lords which lasted through the eigh-

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teenth century until George III with the help of the younger Pitt transformed the upper chamber into a stronghold of Toryism.

The least satisfactory chapter is that on the social position of the peerage, where the author relies perhaps more than is well on the dramatists of the Revolution period and fails to offer any very illuminating sketch of the position which the peers occupied as landlords and in the social and political economy of the shires. There is also some feebleness of grasp in that part of the chapter on the Lords and the Constitution where Mr. Turberville is dealing with the Last Determinations Act of 1696, an act which when amended in 1729 did so much to narrow the franchises in the boroughs and to stereotype the narrowness until the great reform of the representative system was effected in 1832. These Last Determinations Acts greatly facilitated the control of boroughs and the trading in boroughs by the territorial aristocracy. They made corruption more worth while on the part of borough masters, whether these borough masters were peers, or, as later in the eighteenth century, men who had grown rich in trade and were using these boroughs to work their way into the baronetage or the peerage. The Last Determinations Acts in many boroughs made of no avail the local movements for a reform in the representative system; but there is no indication in Mr. Turberville's reference to the Act of 1696 that any such lasting importance attached to this legislation.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

A History of Emigration from the United Kingdom to North America, 1763–1912. By STANLEY C. JOHNSON. London, George Routledge and Sons, Limited, 1913.—xvi, 387 pp.

The work undertaken by Mr. Johnson has long obviously needed doing. It has now been done with a considerable measure of success. The author has marshaled an enormous volume of carefully collected data in easy running order; and he has neglected no important aspect of his subject, except that he nowhere brings out the difference between the United States and Canada as regards propaganda to stimulate immigration. The United States restricts advertising to induce immigration; while since Confederation, Canada has spent increasingly large amounts of money on immigration propaganda in this country, in the United Kingdom, and in every country of Europe where its agents are permitted to do business. Apart from this omission, the only shortcoming is Mr. Johnson's failure to subdivide some of his chapters sufficiently to make clear when he is dealing with immigration to the United States,

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and when with immigration to Canada; and with regard to Canada in the years preceding Confederation, when he is writing of immigration to Upper Canada, and when to the Maritime Provinces. Here and there also he is guilty of some inaccuracy or looseness of statement, as for example, when he writes of an education test as existing in British Columbia; when he writes of the Northwest Territories, meaning the provinces of Saskatchewan and Alberta; or when, alluding apparently to the Knights of Labor in this country and their influence on the immigration laws of the eighties, he writes of the Independent Labor Party. In another place he leaves the impression that the Inman Steamship Company is still in existence, whereas it has been out of business for nearly twenty years.

The work examines exhaustively the causes of emigration from England, Scotland and Ireland; the transport of emigrants across the Atlantic from the days of sailing ships to the days of the Oceanic and the Mauretania; the policies of the governments of the United Kingdom, of the old British North American Provinces, of the Dominion of Canada and of the United States towards emigrants and immigrants; and most of the colonization schemes originating in the United Kingdom between the end of the war with Napoleon and the Lloyd and Barr migrations from England to Canada in 1903. There is also an analysis of the destination of British emigrants to the North American continent since statistics began to be officially compiled in 1815. There are chapters on the emigration of women and children, appendices, including many statistical tables, and a useful bibliography of twenty pages.

This is the only history of British emigration that includes Canada as well as the United States, and that embraces the history of British colonization schemes in South Africa, Australia and New Zealand. Despite the minor shortcomings that have been indicated, it is likely to be a serviceable book for a long time to come—in fact until its statistics lose some of their value by reason of age, and until the lapse of years brings the need of revision of the text. Any study of migration from the aspect of emigration alone is necessarily partial. This is also true of a study of emigration to any one selected country. The inducements to migration depend upon a comparison of conditions at both ends of the journey. But such partial studies as this of Mr. Johnson's lay the foundation for a more inclusive study of the whole movement of population.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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Insurance and the State. By W. F. GEPHART. New York, The Macmillan Company, 1913.—xiii, 228 pp.

In recent discussions of insurance problems there has been much said pro and con concerning the assumption by the state of insurance risks against fire, life and the numerous industrial hazards such as sickness, accident, old age and unemployment. Washington and Ohio first inaugurated schemes of state insurance against industrial accidents; Wisconsin established a state fund for the assumption of life-insurance risks; and the first evidence of state interference in the fire-insurance business came through the establishment by several western states of fire-rating bureaus.

Professor Gephart's book is therefore timely. It is avowedly an attempt to state the arguments for and the difficulties in the way of, and the objections to, state monopoly of insurance against fire, life and industrial hazards. It is written from the standpoint of the student who views insurance in its broader aspect of public use and is therefore open to the suspicion, on the part of many persons engaged in the insurance business, of presenting a strong bias in favor of state monopoly of insurance. But a careful reading of the book fails to show that the author has done more than record the arguments that are going the rounds of current discussion. Any value the book possesses will be due, he says, to "the questions which it raises and not to those which it answers." Color is given to the belief that the author is a defender of state insurance by chapter two in which are discussed present-day examples of state insurance in practice, notably the Italian monopoly of life insurance, the Wisconsin life fund, the Massachusetts savings-bank insurance and the Ohio industrial accident insurance plan.

Three reasons are advanced why the state might wish to monopolize each of the different branches of insurance: (1) for revenue purposes; (2) to extend the social benefits involved; or (3) more completely to regulate the business. The arguments seem overwhelmingly against assumption by the state of any kind of insurance for revenue purposes. The social benefit of life insurance can be extended by reducing its cost or educating the public to its uses. Cost reduction can not come through savings in interest or mortality elements in premiums; if at all it must come from savings in securing and operating the business. But it is doubtful if life-insurance benefits can be extended without an agency force; and although commissions may be too high on some kinds of policies, yet in the aggregate this is not so, since the demand for good agents far exceeds the supply. So runs the argument against state monopoly.

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In connection with the discussion of fire insurance Professor Gephart quotes approvingly the words of Mr. Hotchkiss, ex-superintendent of insurance in New York, in a recent address:

> What is needed by our people is not submergence of this great institution in sovereignty, but the proper coördination of insurance and government. . . . If it [the state] does not [regulate or limit expenses] the present drift toward state insurance seems likely to continue. For, whatever be the field, the people will not long pay for the insurance of the future more than such service is rightly worth.

The arguments in favor of state monopoly of social insurance are much stronger than in case of fire or life risks. The development of the social benefits of industrial insurance is all-important. It is desirable to organize such insurance by industrial units and the main difficulty lies in reconciling these units with state lines, since the individual states control insurance within their borders.

BRUCE D. MUDGETT.

UNIVERSITY OF PENNSYLVANIA.

The Export of Capital. By C. K. HOBSON. New York, The Macmillan Company, 1914.—xxv, 264 pp.

The rapidly growing importance of foreign investment has given rise to this valuable book, which supplies our previous lack of any systematic treatise on the subject. Mr. Hobson first discusses analytically the methods, causes and effects of foreign investment; next he sketches briefly the history of capital export; and finally he examines statistically the relation of such export to the balance of trade, the growth of domestic industry and immigration. Studying the matter from the English standpoint, the author's primary concern is with the economic effects of foreign investment on the lending country. His introduction, however, contains some interesting remarks on the ethics and politics of the process, and he takes a sound stand in opposition to the collection of foreign debts by force.

Mr. Hobson shows by economic analysis how foreign investment increases the exports or decreases the imports of the lender, according to conditions, and shows that it may lead to increased production of instrumental as opposed to consumption goods, illustrating both points by British trade in railway material. His discussion of the causes of foreign investment contains some thoughtful speculation as to the effects of government action on capital exports, and through them on national prosperity. The export of capital, he concludes, probably

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increases *per capita* income (a theoretical conclusion that he later fortifies with statistical evidence), but it may, at least for the time being, make the distribution of income less favorable to the working classes, promoting immigration and thus conceivably lowering the gross national income, though this conclusion is indeterminate. The whole theoretical part of the book is an example of the excellent use that can be made of the older methods of economic analysis when employed by a student capable of recognizing both immediate and remote consequences. It is a fruitful kind of economic theory.

Three chapters give a serviceable sketch of the history of foreign investment from its beginnings down to the present. Needless to say, this is the merest outline; but it contains a multitude of facts that will be new to most students. Americans will regret the scant attention given to our capital exports, but it is to be recalled that our foreign loans are as yet relatively small, while we are still persistent borrowers on a large scale. Mr. Hobson's estimate of £300,000,000 as the normal annual outflow of capital from Europe agrees fairly well with other recent estimates, and indicates the vast importance of the phenomenon.

The statistical chapters are in some respects the most interesting in the book. The one on the balance of trade naturally follows to a large extent the lines laid down by previous investigators like Giffen and Paish, but it goes much farther into detail, and it gathers into usable form a body of fact and estimate covering for Great Britain by years the whole period since 1870. The final table worked out on page 204, giving the yearly export of capital since that time, lays no claim to even approximate exactness, but it is extremely useful, nevertheless, and its general correspondence with Bowley's results is properly remarked by the author.

The correlation made between capital exports and domestic investments, statistics of building-trade employment, shipbuilding, increase of cotton spindles and of domestic railway mileage, and emigration, is an example of that wise kind of intellectual caution that has been described as "when you have an idea, seeing if there are any facts to support it." The figures indicate only a very rough correspondence of activity in home and foreign investment, a decided tendency for large investments at home and abroad to correspond in time with full employment and increased wages, and a synchronous rise of capital exports and emigration. The results, while not startling, are suggestive. While Mr. Hobson's conclusions, as he himself insists, are only tentative, he has performed a valuable service in collecting and analyzing

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the available evidence as to the effect of capital export on national prosperity and well-being. The book is a substantial contribution to economic literature, and it points the way to further investigation in the same field.

H. R. MUSSEY.

Histoire du Commerce Français dans le Levant au XVIII^e Siècle. By PAUL MASSON. Paris, Librairie Hachette & Cie, 1911. —xii, 678 pp.

This book is the continuation of a work published by Professor Masson in 1896. The earlier volume dealt with the development of French commerce in the Near East through the seventeenth century, and it stamped the author as a painstaking investigator and an able writer. The new book considers French commerce in the same regions through the eighteenth century, and, to even a greater degree than its predecessor, it shows the author's intimate knowledge of the subject.

Mr. Masson has delved into a mass of primary material and has given us a most vivid account of the happenings upon the Mediterranean Sea and its shores at this time. He obtained his data from French national archives, the archives of the city and of the chamber of commerce of Marseilles as well as from other documents and printed literature.

The book contains more than its title promises. Part i describes very minutely the organization of export and import trade in France, and the peculiar position held by the city and the chamber of commerce of Marseilles. As in the seventeenth century, so also in the eighteenth, Marseilles exercised a monopoly over the greater part of French commerce. An account of the methods used in order to maintain this monopoly, in the face of ever-growing opposition by other French cities, forms very interesting reading.

The second part considers the influence of economic and political factors. After reviewing the policy of French ambassadors at the Porte and the state of anarchy in Syria and in Egypt, the writer discusses the maritime wars between the European nations, the depredations by the pirates and the competitive activities of England, Holland and other countries, whose increasing participation in the lucrative Mediterranean trade, France, although still maintaining a position of supremacy, was not able to check.

The third part of the volume deals with the amount and the char-

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acter of French imports into and exports from the Orient; it also reviews the extension of the sphere of French influence in Syria, Persia, Asia Minor, Egypt and the lands bordering on the Adriatic and the Black Seas. It shows the dependence of French textile industries of the time upon oriental markets both for the importation of raw materials, cotton, wool, silks, and the exportation of finished commodities.

The author's method is largely expository, though scattered throughout the book are many analytical reviews of conditions coupled with attempts to justify the policy which was pursued by France. This policy of centralization, of strict supervision, of minute regulation, is justified by Professor Masson because of the results which it produced. According to him it permitted the country to establish herself securely in the East, it brought about a state of peace and order amongst the French merchants in distant harbors and it gave the French a reputation for fair business dealing. It is difficult to ascertain the exact opinion of Mr. Masson regarding the influence which Colbert and his system exercised upon the development of French manufactures and commerce. Apparently he believes in the wisdom of Colbertism at the time when the régime held its sway, and yet his statements are somewhat contradictory. On page 195 he tells us that it was in the eighteenth century that France plucked the fruits which grew out of the efforts and the policy of Colbert. This was made possible because for three-quarters of a century, ministers imbued with mercantilistic theories ardently pursued the work he began. On pages 244 and 245 we find that in the eighteenth century France was compensated for the mediocrity of her ministers and the faults of her government by the existence of peaceful relations with other countries; peace was the most important factor in the economic life of the French nation in the eighteenth century; peace led to the growth of population, of manufactures and of foreign commerce.

Some parts of the book are overburdened with seemingly unnecessary details, but the treatment of the subject is so exhaustive and so suggestive that students of oriental commerce should give this work their careful attention.

SIMON LITMAN.

UNIVERSITY OF ILLINOIS.

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RECORD OF POLITICAL EVENTS

[From May 1 to November 4, 1914]

I. INTERNATIONAL RELATIONS

BALKAN RELATIONS.—Persecutions of the Greek residents on the coast of Asia Minor, due to the colonization among them by the Turkish government of the Turkish refugees from Macedonia, caused a continuance of the severe strain in **Turko-Grecian** relations (see last RECORD, p. 349). So imminent did hostilities appear that a Russian-Roumanian note in June warned Turkey against closing the Dardanelles in the event of war, and Servia notified the Porte of her intention to support Greece. Conciliatory measures were undertaken by the Turkish government, however, and an understanding was reached. Proposed conversations between the Greek premier and the Turkish vizier, in which among other things the interchange of properties between Turkish refugees from Macedonia and Greek residents of Asia Minor, suggested by the Porte, would be considered, were postponed owing to the outbreak of the European war.—Similarly, the development of harmony in **Greco-Bulgarian** relations was impeded by the alleged persecutions of Bulgarians in Macedonia, which evoked reprisals against Greek residents in Bulgaria.—Following the abdication of the Mpret of **Albania** (see infra, p. 757), the International Commission of Control (see RECORD for December, 1913, p. 709), on September 3 took over the government of Durazzo. On September 13, an Italian naval and military force occupied Avlona, the center of the Turkish influence in Albania, it being announced, however, that the expedition was purely for relief and sanitary purposes, made necessary by the congregation in the Avlona region of large numbers of refugees from the insurrectionary areas.

GENERAL EUROPEAN RELATIONS.—The relations between the great powers in the spring and early summer gave no evidence of the impending war. The optimistic views expressed in May by the German ambassador to Great Britain of the outlook for **Anglo-German** harmony were confirmed shortly by the German foreign secretary in his speech in the Reichstag. It was generally understood, moreover, that the negotiations which had for some months been in progress between the British, German and Turkish governments, looking toward a settlement of the questions relative to the interests of the several nations in Mesopotamia, and particularly with respect to the Bagdad railroad (see RECORD for December, 1913, p. 712), gave promise of a most harmonious outcome, and on July 3 the first definite agreement, namely, that the railroad should for the present terminate at Basra, was announced.—Optimistic views were also expressed by both Herr von Jagow and M. Sazonoff, the Russian premier, upon

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Russo-German relations; nevertheless some friction was anticipated with reference to the renewal of the Russo-German commercial treaty, due to expire in 1916. At a Commercial and Industrial Congress held in St. Petersburg in May, changes in the treaty looking toward the opening of the German markets to Russian products other than purely agricultural, especially to woodwork and meat, the adjustment of the relative places of Russian and German grain in the world market, and the entire freedom of Russia to fix railroad rates on German products, were declared to be of primary necessity. The subject was also widely discussed in the German press, and the necessity for a spirit of the greatest forbearance on the part of both countries, if friction was to be avoided, was dwelt upon.

ASIATIC RELATIONS.—Chinese railroad concessions of great importance continued to be awarded to foreign capital. It was announced in June that Japan had agreed to the granting by the Chinese government to a British group of a minor railroad concession in Southern Manchuria, where Japan possessed special rights. A British syndicate, also, was awarded the contract to finance and construct a railway from Shasi on the Yangtze to Shiung-yi-fu, down the valley of the Yuan, a tributary of the Yangtze, thus still further insuring British predominance in the Yangtze (see last RECORD, p. 351). Preliminary contracts were also signed with Belgian interests for the construction of a line 1850 miles long from Lanchowfu to Kuldja. An important extension of the **German sphere of influence** was seen in the agreement of the Chinese government on July 2 to permit the extension of the proposed railroad from Kaomi, near Tsingtau, to Suchowfu, the junction of the Tientsin-Pukow and Belgian railroads.—**Chinese provincial taxation** on British goods destined for the interior caused friction between the provincial and the British officials, particularly in the province of Aulin.—No progress was made in the delimitation of the **Mongolian boundaries** (see last RECORD, p. 352) because of the failure of the Mongolian authorities to take any steps towards participation in the conference agreed upon. The encampment of several regiments of well-equipped Hunghuzes in Inner Mongolia, and the persistent attempts of the Mongolian government to secure from the powers formal recognition of her autonomy gave a hostile aspect to her policy.—The long-protracted Anglo-Russian conference with respect to the future **status of Thibet** resulted in a convention by which, it was reported, the complete autonomy of Thibet proper was to be recognized, but a semi-autonomous zone established in Eastern Thibet in which the Chinese position was to be relatively much stronger.—**Russian influence in northern Persia** continued to grow rapidly. In spite of a marked diminution in internal disturbances, the Russian troops in the north were maintained at full strength; while their commander publicly announced his intention to act in future only at the order of the Russian agent. An announcement that the Russian postal organization would be extended into Azerbaijan was followed by the proclamation in July by the Russian minister at Teheran that, to recompense herself for the services rendered Persia

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through municipal improvements and military protection, Russia would take over the complete government of all the contiguous territory down to 27 miles north of Kazvin.—The proposal of the British Admiralty to purchase stock in the **Anglo-Persian Oil Company**, recently granted a concession to exploit the rich oil field near Kasr-i-Shirin, a Persian village on the Turko-Persian frontier, was believed to be fraught with possibility of international complications, inasmuch as the principal wells lay in the area (see last RECORD, p. 352) recently allotted by the boundary commission to Turkey. Negotiations with the Porte resulted in a tentative promise to recognize the Persian concession, in the financing of which, however, German capital was to be given a minority interest. On August 14, the proposed Admiralty contract was authorized.—The persistent attempts of Italian interests supported by their government, to obtain control of the railroad development of southern Asia Minor (see RECORD of December, 1913, p. 712, and of June, 1914, p. 351) were again evident in an agreement entered into by the Italian syndicate and the British Smyrna-Aidin Railroad Company, by which the construction of the line was to be undertaken by the former. The approval of the respective governments was however required to give this agreement force.

AMERICAN RELATIONS.—With the outbreak of the **European war** the United States assumed at once a position of strict neutrality, this being precisely defined in a proclamation of August 4. Two weeks later, in an address to the American people, the President emphasized the need of a broad and impartial attitude and uttered a warning against "that deepest, most subtle and most essential breach of neutrality which may spring out of partisanship." On August 5 censors were placed in all wireless stations under the jurisdiction of the United States to prevent the sending or receiving of messages of an unneutral nature. On August 15 Secretary Bryan announced that "loans by American bankers to any foreign nation which is at war is inconsistent with the true spirit of neutrality"; but this somewhat novel doctrine was dropped by the state department in October when the French government raised a small loan in New York City. Some resentment was shown in the newspapers over the attempts of the German ambassador and German agents to influence American opinion; and late in September the Turkish ambassador, A. Rustem Bey, left the country, apparently before any request had been made for his recall, after making public criticism of Americans for ill-treatment of the Filipinos and the lynching of negroes in the South.—On August 5 President Wilson despatched a note to the belligerent states announcing that, as the official head of one of the powers signatory to the Hague Convention, he would welcome an opportunity to act in the interest of European peace; and this declaration was renewed in October through Secretary Bryan.—The action of the British government in detaining three tank steamers owned by the Standard Oil Company of New Jersey and carrying illuminating oil to neutral countries in Europe evoked protests from the American government in

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October. In all three cases the ultimate destination of the cargoes was at issue and in the case of the "Brindilla" the further question as to the good faith of its transfer from the German to the American flag. The incident was closed by the release of the three vessels. On October 27, however, the American ship "Kroonland" was detained at Gibraltar pending an inquiry into the ultimate destination of its cargo of copper. On October 25 the British government gave assurance that cotton would not be treated as contraband.—According to newspaper advices, the Japanese government, upon delivering its ultimatum to Germany (see *infra*, p. 733), gave the American government a definite statement regarding its attitude toward China. According to this statement Japan disclaimed any intention of seizing Chinese territory; promised to maintain the integrity of the republic and the principle of the open door; and agreed to consult the United States before taking action consequent upon the outbreak of any serious disorders in China.—The responsibilities which, during the first weeks of the war, fell upon American diplomatic agents in the belligerent countries, were discharged with notable success. At the close of this RECORD the task of bringing relief to the starving population of Belgium had been undertaken by an American commission assisted by diplomatic and consular officials.—In pursuance of their tender of good offices to adjust the relations between the United States and **Mexico** (see last RECORD, p. 354) the plenipotentiaries of Argentine, Brazil and Chile requested the United States and the two Mexican factions to send delegates to a conference at Niagara Falls, Canada. When the conference met, on May 20, the Constitutionalist delegates were excluded because General Carranza would not consent to an armistice. Proceedings were not open to the public, but statements issued by the American and Mexican delegates in the middle of June indicated differences of opinion which would make a definitive settlement impossible. On June 24 deliberations ended with the signing of a protocol. It provided that a new government, constituted by agreement between the Mexican factions, should be recognized by the United States, that the United States should demand no war indemnity or other international satisfaction and that absolute amnesty should be extended to foreigners for all political offences. The conference came formally to an end on June 30, having undoubtedly done much in bringing about the withdrawal of Huerta and in modifying the excesses which had previously marked the civil warfare. President Wilson took so hopeful a view of the situation that in September he ordered the evacuation of Vera Cruz. Circumstances occurred, however, which made a postponement seem desirable; and at the end of October no reply had been made to an inquiry from the Mexican foreign minister as to when the American forces would withdraw. —By the beginning of October, 26 nations had signed **peace agreements** with the United States, providing that all disputes which fail of diplomatic adjustment shall be referred to a permanent international commission and that hostilities shall not begin until the commission make its report, as it

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must do within a year. The United States Senate on August 13 ratified the treaties with Salvador, Guatemala, Panama, Honduras, Nicaragua, Netherlands, Bolivia, Portugal, Persia, Denmark, Switzerland, Costa Rica, Dominican Republic, Venezuela, Italy, Norway, Uruguay, Brazil, Argentina, and Chile; and on September 25 the treaties with France, Great Britain and Spain.—Under a treaty signed on August 5, but not yet ratified, the United States agrees to pay **Nicaragua** the sum of $3,000,000 for the perpetual right to construct a canal through her territory and for a naval base.—Under a treaty signed on September 2, but not yet ratified, **Panama** cedes to the United States control over the harbor waters of Colon and Ancon and certain other valuable rights.—On June 9 both houses of the **Colombia** congress ratified the treaty with the United States relating to the Panama Canal (see last RECORD, p. 354).—In the latter part of October, during revolutionary disturbances in **Haiti**, marines were landed from the United States cruiser "Tacoma" to protect the consulate; and on October 29 further naval forces were ordered to Port-au-Prince to ensure the safety of Americans and other foreign residents.—On June 26 a United States gunboat entered the inner harbor of Puerta Plata, **Santo Domingo**, and compelled a force of revolutionists to cease bombarding the city.—In June George Frederick Williams resigned as United States minister to **Greece** after criticising the methods of European powers in Albania.—The dispute over the **Panama-Costa-Rica boundary** was finally settled, in accordance with a treaty of 1910, by the arbitration of the chief justice of the Supreme Court of the United States in favor of Costa Rica.

II. THE EUROPEAN WAR.

THE OUTBREAK OF HOSTILITIES.—On June 28, the **Austrian Crown Prince**, Archduke Franz Ferdinand and his wife were **assassinated** at Serajevo, the capital of Bosnia. The resulting criminal inquiry proved, according to the statement of the Austro-Hungarian government, that the assassin was one of a band of Servian conspirators which included several Servian military and customs officers, that the fire-arms and bombs used by the conspirators had been obtained from a Servian arsenal, and that the plot as a whole was but the natural consequence of the systematic Pan-Servian agitation, aimed at detaching Bosnia and Herzogovina from the Austrian Empire, which, it was alleged, had long been propagated without interference, if not with active assistance, on the part of the Servian government.—On July 23 the Austro-Hungarian government handed to the Servian government a **peremptory note**, demanding that the Servian government undertake to repress the alleged propaganda against Austria by (1) suppressing all anti-Austrian publications and societies; (2) eliminating from public instruction all things and persons having an anti-Austrian tendency; (3) by removing from office all functionaries who might at a subsequent date be named by the Austro-Hungarian government as having been guilty of anti-Austrian propaganda; (4) "accepting the collaboration in

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Servia of representatives of the Austro-Hungarian government in the suppression" of the anti-Austrian propaganda, and particularly in the investigation by the Servian government into the assassination of the Archduke; and (5) putting an end to the alleged coöperation of the Servian authorities in the illicit traffic in arms and explosives across the Austro-Servian border. Forty-eight hours were allowed the Servian government in which to prepare a reply. Copies of the note were on the next day handed to the representatives of all the other European powers, and its text was published in the European press.—Almost immediately representations were made to the Austrian government by the Russian, English and French governments for an **extension of time** to the Servian government, it being urged that the tone and contents of the Austrian note were so severe as to render its unqualified acceptance by Servia impossible; and that the period of time allowed for the Servian reply, and the still briefer period allowed to the powers for consideration, were entirely inadequate for a settlement of the dispute by diplomacy and were calculated to precipitate an appeal to force. The Austrian government however categorically refused to grant any extension.—The **Russian** government publicly announced its intention to protect Servia against Austria, whereupon the Austrian government assured the Russian that no annexation of Servian territory was contemplated. Nevertheless, on the 25th, Russia began a partial mobilization. On July 25, within the time limit set by Austria, the **Servian reply** was transmitted to Vienna. The Servian government declared its willingness (1) to take all the measures demanded for the suppression of anti-Austrian propaganda, except such as were not immediately practicable owing to constitutional and legal restrictions, of which, however, the government would attempt to secure the removal, and (2) to accept the proposed collaboration of Austrian officials if such collaboration could be shown to be in accordance with international usage.—The Austrian government declared the reservations made by the Servian government unsatisfactory; on the 27th it presented the Servian minister with his passports, and on the 28th issued a formal **declaration of war against Servia**.—Meanwhile, the British foreign secretary, Sir Edward Grey, was attempting to effectuate a plan of **mediation** between Austria and Servia by means of a conference composed of representatives of Great Britain, France, Italy and Germany. The German government, however, delayed giving an affirmative answer, taking the position that the conflict between Austria and Servia was purely a local one, with reference to which Austria could not be asked to accept interference by any other powers; while the Austrian government met all other mediatory suggestions with the reply that it was too late, as hostilities had already begun. Propositions made by the British Foreign Office on the 29th and 30th, however, looking to a cessation of hostilities and the acceptance of mediation as soon as Austria should occupy Belgrade, were tentatively accepted by Russia, and were to be presented to Austria through Berlin.—On July 29, however, the **Russian** government had announced the

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mobilization of four army districts against Austria. In spite of Russian denials it was alleged by the German government that a complete mobilization was also being expedited against Germany, and that extensive **French mobilization** preparations had been undertaken.—On July 31, the **German** government declared the Empire in a **state of war**, an act declared by Russia and France to be equivalent to mobilization, and demanded that the Russian government within twelve hours abandon all military preparations against Germany and Austria. No reply being received within the time set, the German government, on the afternoon of August 1, ordered the mobilization of the entire army and navy and declared **war against Russia.**—Simultaneously with the ultimatum to Russia, the German government demanded of the French government, within eighteen hours, a statement as to whether, in the event of war between Germany and Russia, France would remain neutral. To this the French government, on August 1, replied that it would do what its interests required. On August 3, with charges by each side that hostilities had already been begun by the other, the German ambassador at Paris demanded his passports, and on the next day, Germany formally declared **war against France.**—On July 31 the British government inquired simultaneously of the French and German governments whether, in event of war, they would respect the **neutrality of Belgium** so long as no other power violated it. To this the French government on the same day returned an affirmative answer, while the German secretary of state declared himself unable to answer without consulting the emperor, declaring, however, that certain hostile acts had already been committed by Belgium. On August 2, however, when war against France had virtually been declared, the German ambassador at Brussels demanded of the Belgian government unobstructed passage of the German armies through Belgium, on the ground that Belgian neutrality was threatened, if it had not indeed already been violated, by France. The demand was categorically refused. On the following day German troops entered Belgium, and on August 4 Germany formally declared war against Belgium. —On August 2, another German army without encountering armed resistance had entered the Grand Duchy of **Luxemburg**, the territorial inviolability of which also was guaranteed by treaty.—On August 2, following a cabinet meeting, the British Foreign Office announced that if the German fleet came into the Channel or through the North Sea to undertake hostile operations against French coasts or shipping, the British fleet would give to France all the protection in its power. At the same time the German ambassador in London was unsuccessfully exerting himself to the utmost to obtain from the government a formulation of the conditions on which it would agree to remain neutral, suggesting the neutrality of Belgium and the integrity of French territory, and even of French colonies, as possible German concessions. On August 4, following an appeal to the British government by Belgium for diplomatic intervention on behalf of Belgium, the former announced its intention to uphold Belgian neutrality by force of

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arms if necessary. Putting aside as immaterial the German assurances that Germany would not, under any circumstances, annex Belgian territory, the British government again demanded an answer to its inquiry of July 31, still unanswered, as to Germany's intentions with respect to Belgium. No answer having been received up to midnight, the time set, the British ambassador at Berlin demanded his passports, and formal **British declaration of war on Germany** followed immediately. Declarations of war between the powers of the Triple Entente and Austria-Hungary, and between Servia and Germany, followed shortly.—On August 1, the government of **Italy** announced that the aggressive acts of Austria-Hungary and Germany did not come within the terms of the Triple Alliance, which was purely defensive in character, and that Italy would therefore remain neutral. From this position neither the promises nor threats of her former allies could move her; and, indeed, the strewing of mines in the Adriatic by Austria-Hungary, and other minor incidents, produced serious friction between her and Italy.—Early in August, the **neutrality** of Holland, Denmark, Sweden, Norway, Switzerland, Rumania and Bulgaria was proclaimed, as was also the formation of a defensive alliance by Sweden and Norway. Mobilization to defend neutrality, if necessary, was also proclaimed in all cases.—**Japan**, on the other hand, came vigorously to the aid of its ally, Great Britain, sending an ultimatum to Germany on August 15, demanding the surrender of the German-leased territory in China, Kiao-Chau, containing the port of Tsing-tau. No answer to this demand being received, Japan on August 23 declared war on Germany and proceeded to attack Tsing-tau. In addition troops were landed at Lang-Kow, in Chinese territory, in spite of repeated German demands that China defend the neutrality of her territory.—On August 8, moreover, **Montenegro** declared war on Austria; and **Portugal** announced its intention of fulfilling its treaty obligations to England.—The highest significance was attached to the **agreement of the allies** signed on September 5 between representatives of Great Britain, France and Russia, that no peace agreement would be reached that was not acceptable to all of them, and that did not include all three.—Although **Turkey** declared from the beginning that it would remain neutral during the war, it began mobilizing immediately and by September 8 was reported to have concentrated 800,000 men at Tchataldja to prevent the landing of troops there. On August 28, it sent word to foreign embassies that the Dardanelles would be open to merchantmen of all nations.—Although a declaration of war was expected from the Turkish government early in September, none was forthcoming, but it seized the opportunity to abrogate the conventions known as the **Capitulations** whereby foreigners in that country were exempt from local jurisdiction in civil and criminal cases. There followed at once a general protest on the part of the powers, the Vatican also protesting that the abrogation put an end to religious liberty.—On September 15 Turkey again formally declared that it had every intention of remaining neutral; on the 28th, however, the Darda-

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nelles was closed to navigation, Turkey announcing that the British fleet had prevented the exit of Turkish torpedo boats. Without any formal declaration of war, on October 30 Turkish troops attacked Russian towns in the Crimea and the Caucasus. An apology made by the government to the allied powers on November 3 was not believed by them to have been made in good faith, and conflicts on the Turko-Russian frontier began immediately.

THE CAMPAIGN IN THE WEST.—The German army of invasion advanced upon France in three grand divisions, the right wing attempting to enter France at Maubeuge, necessitating the crossing of Belgium, the center entering at Sedan, necessitating the crossing of Luxemburg, and the left wing entering at Nancy.—The **right wing** was delayed longer than had been anticipated in the German plans by the strong resistance of the fortress of Liege, and after that fell on August 7, by the resistance of the Belgian field army, supplemented by a small French force. Its advance through Belgium was steady, however, Brussels being occupied on August 20, the Belgian army retreating to the fortress of Antwerp. The invasion of France along the France-Belgium border from Lille to Maubeuge was immediately attempted, and with complete success, the French army which had now been reënforced by the vanguard of the British expeditionary force falling back hastily toward the second line of defence, the inferior British forces, on the left, being in constant danger of envelopment. Meanwhile the German army of the **center**, encountering no resistance in its progress through Luxemburg, and defeating the inferior French forces which opposed it, was now in contact on its right with the advancing right wing, while its left was attempting to thrust itself between the retreating French army and Paris. Menaced thus on both flanks, the allied armies retreated in such haste as to make impracticable a firm stand on the second line of defense. On August 29 that line was passed by the Germans. Paris was now put under martial law and every preparation made for an extended siege, the government retiring to Bordeaux. On September 1 the German right occupied Senlis, but 25 miles from Paris, while the rest of the German forces pushed steadily south, crossing the Marne on September 4. South of the Marne the allied forces halted, and for the first time in the war gave vigorous battle to the invaders over the entire front. A sudden sortie to the northeast by a large portion of the garrison of Paris threatened to envelop the German right, forcing its hasty retreat, and eventually compelling the falling back beyond the Marne of the entire German line, pursued by the allied forces. On September 13 the Germans halted and entrenched themselves on their right on the line of hills running from Soissons to Rheims. On the left the retirement had been less marked. After more than a week of indecisive but bloody fighting, an envelopment of the entire German right was attempted, with the sole result of extending both lines to the north, and again into Belgium. Suddenly, in the closing days of September, the German forces began an attack upon **Antwerp**, presumably

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to dispose finally of the Belgian army, which, by repeated sorties from the fortress, had impeded the operations of the German forces and the movement of their supplies. The heavy artillery of the Germans, which had already at Liege and Namur demonstrated its superiority over even the most modern of fortifications, reduced one by one the renowned forts of Antwerp, and on October 10 the city capitulated, the major portion of the Belgian army escaping however to the west, where it was soon heavily reënforced by the allied armies. The battle lines of both armies now extending to the coast, flanking operations were at an end, and the conflict along the whole line assumed the character of a field siege. The Germans still persisted in the offensive, however, particularly along the Yser river and canal, southwest of Ostend, with the alleged object of forcing the allied lines beyond Calais, which could then be used as a base for naval and military attacks upon the British Isles.—In the **south** the French had at the opening of the war attempted a vigorous counter-invasion, which was for a time successful, Alsace and German-Lorraine being entered and Saarburg and Muelhausen occupied. The attack was however quickly repulsed by the German forces, and the French force pushed back upon its fortresses. Following the battle of the Marne, the German forces began an attack on the whole southern barrier of forts, known as the Verdun-Toul barrier, and met with varying success, capturing Beaumont on September 9; but by the end of the month the attack was apparently abandoned.

THE CAMPAIGN IN THE EAST.—The reported expectation of the German general staff that Russia would require at least six weeks for an **effective mobilization** on its western frontiers was seriously disappointed when hardly three weeks after the declaration of war large Russian armies crossed both the German and Austrian frontiers.—The Russian army of invasion encountered at first little resistance in its invasion of **East Prussia**, occupying several towns, investing Koenigsberg and almost reaching the Vistula barrier of fortresses. At Tannenburg, however, it was faced by a large German force, which had been heavily augmented by the recall of two corps from the western field, and on September 1 was completely defeated, retreating to Russian territory. It was alleged, however, that the East Prussian invasion had been intended merely to compel a weakening of the western offensive, and had thus succeeded in its purpose. Following the Russian defeat, the German forces assumed the offensive, and entered Russian territory, but without significant result. Early in October the Russian commander announced a victory over the Germans at Augustovo, which, however, was characterized in the German bulletins as a strategic retreat.—In **Galicia** the main Russian army, marching west from the Lutsk-Dubno-Rovno fortresses, routed the main Austrian army at and about Lemberg, about September 1, and drove it west and north back on its second line of intrenchments along the San and Vistula rivers, dominated by the fortress of Przemysl and Jaroslav. On September 23, however, Jaroslav was surrendered, and with it the railroad from Przemysl to Cracow.

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The investment and isolation of Przemysl followed, and on October 20 the capture of its outer forts was announced by the Russian war office. At the same time advance forces penetrated still further into Galicia, defeating Austrian forces at Tarnow, only 50 miles from Cracow, and cavalry, crossing the passes of the Carpathians, invaded Hungary.—In **Russian Poland**, on the other hand, the German-Austrian forces, taking advantage of the unwillingness of the Russian commander to extend his center beyond his flanks, which an advance to the frontier would have necessitated, assumed the offensive, reaching Lodz and threatening Warsaw.—On the **Austro-Servian frontier** the outcome of the operations seemed, in spite of numerous local reverses, to favor the Servian forces. The bombardment of Belgrade, begun on July 29 and continued unremittingly through August, failed of its purpose, while the Austrian army of invasion was completely defeated on August 21 at Jedar. Invasion of Bosnia by Servian and Montenegrin forces followed, and on September 10 Semlin fell into their hands. Their attack on Sarajevo, the capital of Bosnia, was aided by an Anglo-French fleet, and its fall seemed likely.

OPERATIONS IN COLONIAL POSSESSIONS.—The Japanese attack on **Kiao-Chau**, aided by British warships, compelled its surrender on November 3. It was occupied by Japanese forces who, it was announced, would hold it to the end of the war.—On August 29 expeditions from Australia and New Zealand captured German **Samoa** and occupied Kaiser Wilhelmsland.—In **Africa**, the first day of the war witnessed the occupation of **Togoland** by French and British forces; while the occupation of **German Southwest Africa** by the forces of the South African Union seemed, in spite of the desertion of part of those forces to the German cause (see *infra*, p. 753) equally imminent.—Operations were also begun immediately against **German East Africa** and **Kamerun**.

THE WAR ON THE SEA.—The activities of the British fleet compelled a speedy withdrawal from all the seas of the **German merchant marine**.—The **German North Sea Fleet**, moreover, did not venture out against the superior British forces, but remained for the most part secure in harbor basins, which no enemy ships could possibly enter. By a wholesale strewing of **mines** and by the daring use of **submarines**, however, enormous, though relatively insignificant, damage was inflicted on the British fleet and on hostile shipping.—In the **Pacific**, a German squadron vanquished a British flotilla of equal strength off the coast of Chili, while a fast German cruiser, the "Emden," wrought havoc among British shipping until destroyed early in November by an Australian battleship. By the end of October, British shipping was safe on all its customary routes.

III. THE UNITED STATES.

THE ADMINISTRATION.—That President Wilson would be ready to accept renomination in 1916 was made evident by a letter written to the State treasurer of New Jersey on September 25 by the secretary to the

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president. Referring to the proposal that the Democrats of New Jersey should formally advocate a second term, the letter indicated that, in the President's view, such a course taken by his personal friends in the state might seem to imply the taking of an unfair advantage.—On July 1 an order prohibiting the use of liquors on United States warships became effective.—On August 1, after conferring with bankers in New York, the secretary of the treasury arranged for the prompt issue of emergency bank notes which would enable banks to substitute notes for gold certificates, thereby husbanding their gold and building up their reserves. He also announced that he would accept from national banks, as a basis for emergency currency, notes secured by warehouse receipts for cotton, tobacco and naval stores, at seventy-five per cent of their value. This measure was intended especially to assist the farmer in harvesting and holding his crop until market conditions should grow more favorable.—On September 23 the secretary announced his intention of withdrawing United States deposits and refusing emergency currency in the case of national banks guilty of hoarding money or charging excessive interest. On September 25 he issued a list of 247 banks which were hoarding money, and in the next few days he withdrew $3,000,000 of government deposits.—Among the more important appointments made by the President were: James C. McReynolds as associate justice of the Supreme Court, vice Horace Harmon Lurton, deceased; T. W. Gregory as attorney-general; William G. Sharp as ambassador to France; George S. Marye as ambassador to Russia; Frederick Jesup Stimson as the first ambassador to the Argentine Republic; Ira N. Morris as minister to Sweden; and Garrett A. Dropper as minister to Greece. Some difficulty was found in completing the personnel of the federal reserve board. President Wilson sent his nominations to the Senate on June 15. Charles S. Hamlin, W. P. G. Harding and Adolph C. Miller were confirmed without delay; but opposition developed in the case of Paul M. Warburg and Thomas D. Jones. The Senate finally accepted Mr. Warburg, but the President was forced to substitute Frederick A. Delano for Mr. Jones.

CONGRESS.—On October 24 Congress adjourned after a continuous session of eighteen months, the longest session in the history of the government. During the last few days southern members had vainly conducted a filibuster in both Houses with the idea of preventing adjournment until assistance should be granted to the cotton growers; but, in view of the approaching election, this course met with little support. Congress had been held in session by the President's insistence upon the completion of his legislative program as well as by the danger of complications in Mexico and the emergencies rising out of the European war.—In May the proposed legislation for the control of trusts (see last RECORD, p. 358) took form in three separate measures: the Clayton Anti-trust bill supplementing the Sherman Act, a Railroad Capitalization bill, and the Federal Trade Commission bill. On June 5, after less than two weeks of perfunctory discussion, all three passed the House; the first by a vote of 275 to 54, 40 Re-

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publicans and 15 Progressives acting with the majority; the second by a vote of 325 to 12, four Democrats opposing it; and the third without the formality of a roll-call. Favorable action in the Senate seemed less certain, however; and in the middle of June President Wilson undertook to weaken the opposition by showing that hostility had been stimulated by means of circular letters and concerted efforts in the press. On August 5 the **Federal Trade Commission** bill, with certain amendments, passed the Senate by a vote of 53 to 16, two Democrats opposing and twelve Republicans supporting it. A month later the conference report was accepted by the House without a roll-call and by the Senate with five dissentient votes. The law provides for a commission of five members to which the powers of the Bureau of Corporations are transferred. Besides being endowed with large powers of investigation into the affairs of interstate corporations other than banks and common carriers, the commission must coöperate with the attorney-general and assist the courts in the framing of dissolution decrees. It can issue orders to prevent unfair methods of competition and enforce them through the courts.—On September 2 the Clayton **Anti-trust bill** passed the Senate by a vote 46 to 16, seven Republicans and one Progressive supporting it. The conference report was adopted in the Senate on October 5 by a vote of 35 to 24 and in the House on October 6 by a vote of 244 to 54, 22 Republicans and 5 Progressives acting with the Democrats. The bill covers certain practices in trade and corporation management which have come under public condemnation; it prohibits price discriminations and price-cutting, exclusive trade relations, interlocking directorates and holding companies; it limits the use of injunctions in labor disputes to cases where irreparable damage to property and property rights would otherwise result and where there is no adequate remedy at law; it provides for trial by jury in contempt cases; and it exempts labor unions and agricultural organizations from prosecution under the anti-trust acts when "lawfully carrying out their legitimate objects." In conference the specific personal criminal penalties prescribed in the original bill were dropped.—The **Railroad Capitalization** bill, empowering the Interstate Commerce Commission to supervise the issue of stocks and bonds, was reported to the Senate with amendments, but held over till the next session.—During the last months of the session Congress gave its attention to certain emergency measures brought forward in view of the economic effects of the European war. On August 5 a sum of $2,500,000 was appropriated for the relief of Americans stranded in Europe. Early in August an amendment to the Aldrich-Vreeland law of 1908 extended the authorized aggregate of new note issues to 125 per cent of the capital and surplus of banks; and a month later the federal reserve act was amended so as to increase the amount of emergency currency which may be issued by a national bank against commercial paper and so as to extend to state banks the permission to issue emergency notes under certain circumstances.—On August 18 the President approved an amendment to the **ship registry** law under which

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foreign-built ships of American ownership are admitted to American registry for the purposes of the over-sea trade and the president is authorized to suspend the existing requirements that foreign-built ships shall comply with American laws regarding inspection and measurement and that officers of American ships shall be citizens. In the Senate an ineffectual attempt was made to admit foreign-built ships to the coastwise trade.—In view of the apparent reluctance of American capital to take advantage of the new law, President Wilson urged Congress to create a corporation of $10,000,000 capital, of which the government should hold 51 per cent, for the purpose of buying and operating merchant-ships in the over-sea trade. But in neither House was the sentiment favorable to such action, especially as Great Britain and France would probably view with dissatisfaction the purchase of German ships in time of war. The Senate had previously passed a bill authorizing the use of ships of war to carry passengers, mails and freight to and from South America.—In August a law was passed establishing in the Treasury department a bureau of marine risk insurance with authority to insure American vessels and cargoes against loss during the war. An appropriation of $5,000,000 was made.—On September 4 President Wilson addressed the houses of Congress on the necessity of providing an additional **revenue** of $100,000,000 to meet the deficits caused by the decrease in imports from countries affected by the war. Unlike the other emergency measures, which had met with little partisan opposition, the War Revenue bill was carried through the House on September 25 strictly as a Democratic measure. The vote was 234 to 135, one Progressive acting with the majority and eleven Democrats with the minority. In the Senate, where the bill had been considerably modified, it passed by a vote of 34 to 22, all the Republicans opposing it. The conference report, adopted by both Houses on October 22, provided for stamp taxes upon the transfer of stocks and bonds, on bills of sale, mortgages, telegrams etc.; and taxes upon beer and domestic wines, upon bankers and brokers and upon tobacco manufacturers and dealers.—The bill repealing the exemption of American coastwise ships from the payment of Panama **canal tolls** (see last RECORD, p. 358) was debated in the Senate for several weeks. On June 10, by a vote of 50 to 24, an amendment was carried reserving any rights which the United States might claim under the treaties with Great Britain and Panama. Next day the bill itself was adopted by a vote of 50 to 35, thirteen Republicans supporting the measure and eleven Democrats opposing it. On June 12 the House concurred in the Senate amendment by a vote of 261 to 71.—In October the administration bill regulating the use of Alaska coal lands (see last RECORD, p. 357) passed both houses.—After a determined filibuster in the Senate, led by Senators Burton and Kenyon, the Rivers and Harbors bill was altered so as to reduce the appropriation from $34,000,000 to $20,000,000, this sum to be expended upon immediate and necessary improvements and upon the continuance of existing works. In its new form it was signed by the President on October 2.

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THE FEDERAL JUDICIARY.—Horace Harmon Lurton, associate justice of the Supreme Court, died on July 12. President Wilson appointed as his successor the Attorney-General, James C. McReynolds.—Among the more important decisions of the Supreme Court were the following. A Massachusetts statute of 1909 forbidding the employment of women for more than ten hours a day or fifty-six hours a week does not infringe the liberty of contract assured under the fourteenth amendment (Riley *v.* Massachusetts, 34 S.C.R. 469). A law subjecting railway companies to double damages and attorneys' fees on refusal to pay for the killing of live stock within thirty days after demand, when litigants in general are not subjected to the same burdens, does not deprive such companies of the equal protection of the laws (Kansas City Southern Railway Company *v.* Anderson, 233 U. S. 325). A law declaring any person guilty of a misdemeanor who acts as conductor of a railway train without having served two years as a freight conductor or brakeman infringes the fourteenth amendment (Smith *v.* Texas, 233 U.S. 630). A state law providing that railway employees shall be paid semi-monthly and prohibiting carrier and employees from contracting otherwise does not take the liberty and property of an interstate railway without due process of law, nor until Congress acts does it constitute an unlawful burden on interstate commerce (Erie Railroad Company *v.* Williams, 233 U.S. 685). A Virginia statute applying only to those engaged in certain industries and forbidding the payment of labor by orders not redeemable in money does not violate the fourteenth amendment (Keokee Coke Company *v.* Taylor, 234 U.S. 224). A Missouri statute excluding organizations of wage-earners from the laws against combinations in restraint of trade does not violate the fourteenth amendment (International Harvester Company *v.* Missouri, 234 U.S. 199). The order of a state court to remove a bridge that is a necessary part of a line of interstate commerce is an interference with such commerce and cannot be justified under the police power of the state (Kansas City Southern Railroad Company *v.* Kaw Valley Drainage District, 233 U.S. 75). A grant to lay pipes and conduits in the streets of a city, dependent only upon acceptance, cannot afterwards be withdrawn as to streets in which pipes have not been laid (Russell *v.* Sebastian 233 U. S. 195). The law of the United States, and not that of a foreign country to which the ship belongs, will be enforced by the federal courts in a proceeding by the owner of a foreign vessel, sunk in collision with an iceberg, for the limitation of liability authorized by the federal laws and admiralty rules (Oceanic Steam Navigation Company *v.* Mellor, 34 S.C.R. 754). For other decisions of the court see under The Trust Problem and the Railroads and under Labor and Capital.

STATE AFFAIRS.—In **Arkansas**, on September 15, an initiative act was adopted prohibiting the employment of any child who has attended school less than four years or who is under fourteen years of age. An eight-hour day is prescribed for those under sixteen and a nine-hour day

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for those under eighteen ; children under sixteen may not be employed in hazardous occupations.—The **Iowa** sterilization law was held unconstitutional by the United States district court on June 24; and on July 6 the "blue sky" law was also held unconstitutional on the ground that it discriminated against investment companies of other states and assumed unwarranted power over interstate commerce. The workmen's compensation law was sustained.—In June the woman's suffrage law (see last RECORD, p. 360) was declared constitutional by the supreme court of **Illinois**. In **Kentucky** a new child-labor law prohibits the employment of children under sixteen in mining and other dangerous occupations; and an eight-hour day is fixed for children in all employments.—In June a woman-suffrage amendment failed to secure the necessary two-thirds vote in the **Louisiana** house of representatives.—On June 24 a constitutional amendment providing for the initiative and referendum failed to receive the necessary two-thirds vote in the **Massachusetts** house of representatives, although Democrats and Progressives voted solidly for it.—In July a law was passed limiting the use of injunctions in industrial disputes to cases where irreparable injury to property and property rights would otherwise result and where no adequate remedy exists at law.—Under a decision of the United States Supreme Court in June the sale of liquor becomes illegal in a large part of central and northern **Minnesota**, old treaties between the United States and the Chippewa Indians being held to apply.—The **Missouri** public service commission issued in June an order reducing the express rates in that state by 21 per cent.—Delegates to the **New York** constitutional convention which will convene in 1915 were elected on November 3, the court of appeals having refused to consider the constitutionality of the legislative act under which the convention was authorized. On October 2 the appellate division of the supreme court affirmed the conviction of Joseph Cassidy, William Willett and Louis T. Walter who were charged with trafficking in a judicial nomination (see last RECORD, p. 361).—On September 22 a constitutional amendment establishing state-wide prohibition was carried in **Virginia** by 35,000.—In September the minimum wage commission of **Washington** adopted a rate of $9 a week for girls employed in telephone exchanges.—On July 1 twelve hundred saloons closed in **West Virginia** when the prohibition law went into effect.

MUNICIPAL AFFAIRS.—At **Butte**, Montana, on October 6, Mayor Duncan and Sheriff Driscoll were removed from office after being convicted of neglect of duty in connection with local riots (see *infra*, p. 743).—The voters of **Cincinnati**, on July 14, rejected a new charter providing for non-partisan elections, a short ballot and the recall of public officers.—On August 12 a charter amendment exempting laborers from the operation of the civil service law was adopted in **Cleveland**. Another amendment which would have abolished the non-partisan preferential ballot was rejected.—The new **Columbus** charter, adopted on May 5, provides for a council of seven members, elected at large, and for the initiative, referendum and re-

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call.—A temporary restraining order was issued by the federal court at **Denver**, on May 13, preventing the enforcement of a city ordinance which required a twenty-per-cent reduction in the company water rates. The city has authorized the sale of bonds for the construction of a municipal water plant.—In July the franchise of the traction company in **Kansas City**, Missouri, was extended 19 years; under a new arrangement the city and company will share in the earnings.—The budget of **New York City** for 1915 was fixed on October 31 at $199,233,286, an increase of $6,237,734 over the previous year.—In July the voters of **Pueblo** expressed themselves overwhelmingly in favor of retaining the commission form of government.—By a majority of 2681 the voters of **St. Louis** adopted, on June 30, a new charter providing for a mayor and council of 28 elected at large and the initiative, referendum and recall. The new government will have full power to own and operate public utilities.—As the result of an election held in July **Sandusky** will come under the city-manager plan of government.—At **Seattle**, on June 30, a similar plan was rejected mainly through the opposition of socialists and labor-union men.

THE ELECTIONS.—Although somewhat overshadowed by the European war, the political campaign had a peculiar interest from the fact that, besides a new House of Representatives, thirty-two senators were to be chosen directly by the people. In the existing House the Democrats had a majority of 146, in the Senate a majority of ten; but with the exception of 1898, when the Spanish war worked to the advantage of the Republicans, every election held in an off year after the enactment of a new tariff, had resulted unfortunately for the administration. The question this autumn was whether, in view of the international crisis and the success of his legislative program, the President would receive support from the country, or whether the Republicans, strengthened by the obvious decline in the Progressive party, would be able to regain control of Congress. The September elections favored the administration. Maine chose a Democratic governor; in Arkansas Governor Hays was returned to office by a majority of 30,000. President Wilson made no speeches during the campaign; but he wrote a letter to Mr. Underwood praising highly the work of Congress; he sent members of his cabinet to speak in various states; and he wrote letters endorsing not a few candidates, including Roger Sullivan of Illinois whom Senator Owen had condemned as a machine politician. Mr. Roosevelt, in an active campaign, attempted to put new vigor into the Progressive party, leveling his attacks upon the party bosses and the Wilson policies.—The **results** of the polling on November 3 were, on the whole, gratifying to the Republicans. Though unable to improve their position in the Senate or to secure control of the House, they did give evidence of recovery from the disruption of 1912. In the new House of Repsentatives there will be 233 Democrats, 194 Republicans, 7 Progressives and one Socialist (Meyer London from New York City). The Democrats thus lost 52 seats, the Progressives 8. The chief Republican gains were:

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Connecticut, 5; Illinois, 13; New Jersey, 6; New York, 11; Ohio, 9; Pennsylvania, 13. In New York, notwithstanding the active support of the administration, Martin H. Glynn was defeated by Charles S. Whitman for governor and Ambassador Gerard by James W. Wadsworth, Jr., for senator. Mr. Whitman's majority of 138,000 greatly exceeded the estimates of the Republican managers. The Progressive candidate polled only 47,000 votes, not forty per cent of the vote which William Sulzer received on the Prohibition ticket. Kansas turned her back on radicalism in electing as governor Charles Curtis, Republican. Senators Smoot of Utah, Dillingham of Vermont and Gallinger of New Hampshire, all belonging to the conservative wing of the Republican party, were returned to the Senate by small majorities. Republican senators were chosen in Illinois and Pennsylvania, though in the latter case Mr. Penrose had a smaller vote than his Democratic and Progressive opponents combined. Outside the South the Democrats were able to elect governors in Minnesota, Nebraska, Massachusetts, Michigan, Tennessee and Wyoming.—Prohibition amendments were submitted in Arizona, California, Colorado, Ohio, Oregon and Washington. They were carried except in California and Ohio.—Woman suffrage amendments were submitted in Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio and South Dakota. They were carried in Montana and Nevada.

CAPITAL AND LABOR.—According to figures given out at the end of May, 66 persons were killed and 48 wounded before the arrival of federal troops in the southern coal fields of **Colorado** (see last RECORD, p. 363). On May 4 the state legislature appropriated $1,000,000 to cover indebtedness incurred through use of the militia and passed laws forbidding the sale of firearms and liquor in the disturbed districts. In a telegram to Governor Ammons President Wilson rebuked the legislature for its failure adequately to face its responsibilities. He later urged upon miners and operators the acceptance of a temporary adjustment of their differences as suggested by two federal mediators. The miners accepted the plan on September 15. The coal operators, however, raised objections, being unwilling to re-employ all strikers who had not been convicted of crime or to allow the miners' grievances to be settled by federal arbitrators. On October 19 the President let it be known that he would not accept the modifications which they had insisted upon.—On June 12 the strike of coal miners in West Virginia, which had lasted for nine months, ended in a compromise, the miners waiving recognition of the union, but gaining other demands.—At Butte, Montana, riots which attended a local secession from the Western Federation of Miners led to the killing of two persons and the wounding of another on June 23. The situation remained so threatening that Governor Stewart ordered the mobilization of the state militia at the end of August.—A strike of 10,000 workers at the Westinghouse plants in Pittsburgh began on June 5, the men demanding recognition of the union, better working conditions and abolition of the bonus and piece systems. A

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month later the strikers gave way, accepting terms which had been offered by the company almost at the outset.—On August 25 some 1500 glove cutters went on strike at Gloversville, New York, demanding increased wages. Part of the strikers returned to work on October 2, having secured some concessions.—Early in July more than 80,000 western railway operatives threatened to strike unless the railroad agreed to reduce the working day from ten to eight hours without reduction of wages. Urged by President Wilson, both sides agreed on August 3 to submit the question to arbitration.—On May 11 the United States Supreme Court set aside the sentences imposed by the District of Columbia supreme court upon the labor leaders Samuel Gompers, John Mitchell and Frank Morrison for contempt of court in the alleged violation of injunctions issued in 1907 and 1908 against the boycotting of the Bucks Stove and Range Company (see RECORD of December, 1913, p. 727).—The sentences of four of the men convicted in the McNamara **dynamite** conspiracy (see last RECORD, p. 365) were commuted by President Wilson on June 24, their sentences to expire at once. Eighteen others who had applied for pardon were refused.—On October 2, A. P. Emerson confessed that he had been hired by the Merchants', Manufacturers' and Employers' Association of Stockton, California, to plant dynamite for the purpose of discrediting organized labor.—Four members of the Industrial Workers of the World (one a woman) were killed in New York City on July 4 by the premature explosion of a bomb.

THE TRUST PROBLEM AND THE RAILROADS.—On August 1 the Interstate Commerce Commission, in a divided opinion, denied the request of the eastern railroads for a general increase of five per cent in **freight rates** (see last RECORD, p. 362). Lines west of Pittsburgh, however, were allowed a five-per-cent increase in all class and commodity rates with certain important exceptions (including coal, coke and iron ore). Two members of the commission favored a general increase on all lines. On September 15, after a conference with the President, the railroads asked for a reopening of the inquiry, pointing to the large decline in their income during the past fiscal year and to the probable effects of the European war. A new hearing began on October 19.—On June 22 the United States Supreme Court upheld the commission in the intermountain long-and-short-haul case (see RECORD of December, 1911, p. 752). The commission is thus vindicated in the fixing of blanket or zone rates and in its ruling that westward rates to intermountain points should not be higher than rates to the coast.—In June the court decided, in the so-called Shreveport rate case, that rates fixed by a state for traffic wholly within a state must give way before orders of the Interstate Commerce Commission whenever the commission finds that the state regulations effect a discrimination in interstate commerce. The case arose out of complaint by merchants of Shreveport, Louisiana, that the Texas railroad commission had shut them out of all Texas business by compelling a reduction of Texas rates far below the rates charged under interstate regulation between Shreveport and points in Texas. The court

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held that Congress had power to control intrastate charges to the extent necessary to prevent injurious discrimination against interstate traffic and that Congress had conferred that power on the commission.—On July 13 indictments were filed in the United States district court at Rochester against the Pennsylvania Railroad, the Northern Central Railroad and the Delaware, Lackawanna and Western Railroad charging that the roads enjoyed unfair advantages over other shippers in connection with the mining of coal in the Pennsylvania fields and its transportation to Buffalo.—On October 13 the United States district court at New York dismissed all but one of the government contentions in the suit to dissolve the so-called Atlantic shipping trust under the **Sherman act**.—The American Thread Company, which controlled ninety per cent of the output of thread, agreed on June 8 to dissolve in accordance with the demands of the department of justice.—In June the United States Supreme Court decided that organizations of lumber dealers violated the Sherman law in circulating black-lists of wholesale dealers who sold directly to consumers.—On September 4 thirty-one food dealers were indicted at Washington by a federal grand jury on the charge of fixing prices by daily "ballots," "suggestions" or verbal agreements. An official inquiry into the higher cost of foodstuffs was made in New York City during the summer; and in the borough of Manhattan free public markets were established.—On October 20 final argument in the suit to dissolve the United States Steel Corporation began before the United States district court at Philadelphia.—On August 12 the United States district court at St. Paul declared the International Harvester Company to be a monopoly in restraint of trade and ordered its dissolution. On June 8 the Supreme Court had upheld the action of the Missouri court in fining the company $25,000 and ousting it from the state.—On July 13 the Interstate Commerce Commission, reporting on the former management of the New Haven railroad system, found that it had been criminally negligent and wasteful; the commission urged civil and criminal actions. A week later President Wilson instructed the attorney-general to bring suit for a dissolution of the monopoly and to lay the criminal aspects of the case before the grand jury. Suit began in New York on July 23. A court decree embodying an agreement between the government and the railroad was filed on October 17. Under its terms the New Haven is left in possession of its railroad lines except the Boston and Maine and the Boston and Albany, but has to divest itself of trolley lines and steamship lines. On November 2 indictments for conspiracy were found against 21 directors of the company, past and present.

THE RACE PROBLEM AND LYNCHING.—During the first half of the year 1914 there appear to have been twenty lynchings, four less than during the first half of 1913 and sixteen less than during the first half of 1912. Rape was charged in only two cases.—On July 12 a negro woman, who was said to have confessed to the brutal killing of a white girl aged twelve, was taken from jail at Elloree, South Carolina, and lynched.—On

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August 7 three negroes who, while committing burglary, had murdered a white man, were seized by a mob and hanged at Monroe, Louisiana.—On October 14 a negro who had been sentenced to death for the murder of a white woman was taken from jail at Angleton, Texas, and hanged by a mob.

THE DEPENDENCIES.—On August 20 the Jones bill establishing a new form of government for the **Philippines** was favorably reported in the United States House of Representatives; and on October 14 it was passed by a vote of 211 to 59. The Senate has taken no action. Although no date for the establishing of independence is fixed, the preamble sets forth that "it has always been the purpose of the United States to withdraw their sovereignty over the islands and to recognize their independence as soon as a stable government can be established." An amendment providing for neutralization under an international guarantee was rejected. The bill abolishes the existing commission and substitutes a senate of which members from the Christian provinces are to be elected. A limited veto is given to the governor-general, an absolute veto to the president; and Congress retains its right to annul any local act. A literacy test is required for voters and a property qualification for members of the legislature. Without the approval of the President no tariff or currency act may be passed, nor any act disposing of the public lands or mineral resources.—On June 13 a bill was introduced in the United States Senate erecting a territorial government in **Porto Rico** and conferring American citizenship upon the inhabitants. The bill provides for an elective legislature of two houses, with property qualifications for the members. United States revenue laws apply, under the provision that the revenues shall be locally collected and deposited in the territorial treasury.

IV. LATIN AMERICA

MEXICO.—The imminent **downfall of President Huerta** (see last RECORD, p. 366) was postponed for a time by a serious disagreement between the First Chief of the Revolution, Carranza, and the military chief, Villa. This disagreement was, however, compromised, Villa, on July 6, acknowledging Carranza as his chief and resuming his campaign. Following the capture by Villa of Zacatecas and Aguas Calientes, the latter only 250 miles north of Mexico City, Huerta, ostensibly in deference to the representations of the Niagara Mediation Conference (see *supra*, p. 729), resigned on July 15 and was immediately succeeded by his secretary of state, Carbajal, who would, it was understood, offer no further resistance to the Constitutionalists. An armistice was immediately arranged; and after considerable negotiation between the opposing leaders, in which, however, Carbajal, owing to his military impotence, was unable to carry his main point, i. e., a general amnesty to political offenders, covering property as well as life, the Constitutionalist forces, on August 13, took possession of Mexico City and of the government without opposition.—An investigation

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made by Señor Carbajal during his brief term of office had disclosed gross **financial mismanagement**, if not peculation, and the former treasurer-general was charged with having misappropriated 2,000,000 pesos.—**Dissension between Villa and Carranza** developed shortly because of Carranza's assumption on September 4 of the provisional presidency and of his announcement of his candidacy for the permanent presidency at the coming election, both of which acts were declared by Villa to violate the agreement between them reached in June, under which the provisional president was to be chosen by a representative convention of Constitutionalists and was to be ineligible for the permanent presidency.—A **convention** at **Aguas Calientes**, composed of representatives of Carranza, Villa, and also of General Zapata, who, at the head of an army to the south of the capital, rendered only nominal obedience to Carranza, decreed, on October 26, that the provisional government be taken over by a commission of five whom it nominated. On Carranza's refusing to abide by this decree, hostilities, which had for several weeks been prosecuted in desultory fashion around the capital, were vigorously renewed.—On October 12, following a strike of the employees of the company operating the street-car service of Mexico City, the property of the company was taken possession of by the Carranza government, which announced, however, that the measure was merely a provisional one.

CARRIBEAN AND CENTRAL AMERICAN STATES.—The civil war in **Haiti** between the forces under President Zamor and those under Senator Theodore (see last RECORD, p. 367) continued with varying fortunes, which, however, after the death of Theodore on July 1, and the landing of American troops at Guantanamo, Cuba, increasingly favored Zamor, until by the end of September he was completely in command of the military situation. On the financial side, however, difficulties increased. An attempt to levy on the National Bank of Haiti, after the suspension of payments by the government, was only temporarily successful, and on September 20 the National Bank stopped all payments of money to the Haitian government.—In **San Domingo** also the warfare waged on the government of President Bordas Valdez was renewed by forces under General Vidal, continuing until late in August, when, upon the intervention of the United States (see *supra*, p. 730), the resignation of Bordas was effected, Dr. Ramon Baez being appointed by the Congress to succeed him.—At the general election held in **Cuba** on November 2, the number of votes cast was so abnormally large as to make it probable that the election would be declared invalid for fraud.

SOUTH AMERICA.—In **Ecuador** an alleged revolutionary plot for the assassination of President Leonidas Plaza was discovered during the first week of July and many arrests were made. It was stated that the conspirators had intended to proclaim Col. Carlos Concha, the leader of the rebels who had been attacking the government in the northern part of the country (see last RECORD, p. 368), provisional president.—President Pena

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of the **Argentine Republic** died on August 8. The report of the congressional committee on the construction of the congressional building, rendered on September 8, alleged frauds amounting to more than $11,000,000.—The presidential election in **Peru**, held May 15, resulted in the election of the provisional president, Colonel Benavides, at a session of the Congress, from which those members who refused to recognize the provisional government absented themselves, holding a separate session, at which they elected as president Don Roberto Leguia, who had been vice-president under President Billinghurst. Actual power still remained, however, in the hands of Benavides.—The resignation of President Gomez of **Venezuela**, late in April, and the election by a special convention of Marquez Bustilloas as provisional president for a year, followed by the appointment of Gomez as commander-in-chief of the army, were denounced by Gomez's opponents as a trick to evade the constitutional provision against two consecutive terms in the presidential office. Early in May an insurrection against the Gomez régime, which had long threatened, broke out in force at Caracas and elsewhere.

V. THE BRITISH EMPIRE

IMPERIAL AFFAIRS.—The question of **imperial interposition** was again raised by the arrival in London of a delegation from the South African Native National Congress, to secure from the colonial secretary assurances of certain improvements in administration of native concerns which they had not been able to obtain from the Union government (see last RECORD, p. 375). The government, however, took no public action.—Following the outbreak of the European war, plans for the development of **imperial trade**, by encouraging the manufacture within the empire of all goods formerly imported from Germany, were taken under advisement by the Board of Trade, the Foreign Office and the Colonial Office.—A bill having for its professed object the greater simplicity and efficiency of the **imperial control over India** was introduced on June 30 by the government. It proposed virtually to abolish (by making its convocation optional with the secretary for India) the Council of India, a body appointed by the secretary of state, and composed of persons who had served or resided in India for at least ten years, whose consent was made necessary, by law of 1858, to every important act of the secretary for India. The bill was criticised by opposition papers and also in India as removing a salutary check upon the India office by a body better informed than the office on Indian conditions. The bill was rejected by the Lords on July 6th.—The declaration of war by Great Britain was immediately followed by tenders of **military assistance** from virtually all portions of the empire. Especially gratifying to the government were the apparently genuine demonstrations of loyalty in all parts of India, and particularly by those among its Mohammedan population, with whom there had recently been friction (see RECORD for December, 1913, p. 738, and for June, 1914, p. 376).—The announcement in May that upon

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the expiration in October of the Duke of Connaught's term, the **office of governor-general of Canada** would be filled by Prince Alexander of Teck, evoked criticism in Canada of the apparently settled policy of the imperial government to select as its agent in Canada a member of the royal family.

THE UNITED KINGDOM.—The annual **budget** introduced on May 4 by Lloyd George called for a total of $1,029,925,000, an increase of $49,000,000 over the total raised for 1914–15, of which $26,000,000 was required to meet the current deficit and $21,090,000 was required for the readjustment of the relations between imperial and local taxation. The budget estimate having for the first time exceeded $1,000,000,000, there was a great deal of criticism of the government for its extravagance. The chancellor attributed the deficit mainly to the high navy estimates, and partly to the working of the National Insurance Law, the new land-improvement legislation and the grants for education. It was proposed that the money should be raised by increasing the rate of taxes levied on incomes, by raising the death duties, and by heavier taxes on unimproved land through a new system of valuation, under which "site values" would be distinguished from "improvement values." The protests of certain elements in the Liberal party, alleged in some quarters to be the wealthy elements, induced the government on June 20, over the protests of many influential Liberals, to reduce the proposed tax on unearned incomes by a penny on the pound.

—In May, as the time for the passage of the **Home Rule Bill** approached (see last RECORD, p. 369), feeling in Ulster became daily more strained and the sentiment in England in favor of compromise rapidly increased. On May 12, therefore, Mr. Asquith announced that while still determined to pass the Home Rule Bill as it stood, he would introduce immediately after it passed an amending measure. He maintained, however, absolute silence with regard to its terms, refusing to mention them even in the course of the debate on the third reading of the bill. The provisions of the act as it finally passed the House on May 25, thus becoming law without the consent of the Lords, were as follows: The Irish Parliament which was to sit in Dublin should consist of a Senate of 40 members and a House of Commons of 164 members. It would not have any power to legislate on questions of war and peace, the army and navy, foreign relations, trade outside of Ireland, or coinage; nor would it have any religious authority of any kind. Temporary restrictions were placed upon its power over legislation as to land purchase, old-age pensions, national insurance, labor exchanges, postal service, savings banks, and the constabulary. The validity of any act of the Irish Parliament would always be subject to the final decision of the Privy Council, and the British sovereign or his representative would continue to be executive in Ireland. Only 42 instead of the former 103 members would hereafter be sent from Ireland to the English House of Commons. The cost of the Irish Parliament would be borne by the Irish treasury except for certain reserved services, the imperial exchequer to pay an annual sum to the Irish exchequer. The promised **Amending Bill,**

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introduced in the Lords on June 23 by Lord Crewe, proved to be merely the prime minister's proposition of March 9: the exclusion, for six years, from the operation of the Home Rule Act, of such Ulster counties as voted for such exclusion. As before, neither Ulsterites nor Nationalists fell in with the plan. On July 21, therefore, the king took the novel step of calling into a **conference** the prime minister and the Ulsterite and Nationalist leaders, Sir Edward Carson and John Redmond. No apparent result was achieved. The Laborites, moreover, not only were indignant at their exclusion from the conference, but joined with many Liberals in censuring the royal interposition as undesirable and uncalled for. On July 26 a battalion of troops sent to capture a large consignment of arms and ammunition which had been landed near Dublin, in violation of the proclamation of December 4 (see last RECORD, p. 370), for the use of the Nationalist Volunteers, was attacked in Dublin by a mob. The troops fired upon the mob, killing four and wounding over sixty. The prompt suspension by the government of the Deputy Commissioner who had ordered out the troops allayed somewhat the intensity of the Nationalist indignation. The **outbreak of the war** with Germany and Austria-Hungary caused an instant change in the attitude of the Ulsterites. Sir Edward Carson joined the government in its call to arms; and an agreement was reached that the Amending Bill should be passed but its operation postponed for a year. On September 18, accordingly, the bill with the postponing clause became law. —On the same day the king also signed the **Welsh Disestablishment Bill** which passed the House on its third journey on May 19, and was thus the first bill to become law without the consent of the Lords under the terms of the new Parliament Act. It provided that so far as Wales and the Shire of Monmouth were concerned, the Church of England ceased to be established by law; that all cathedrals and ecclesiastical corporations were to be dissolved, and that the bishops of the four Welsh dioceses should cease to be members of the House of Lords. According to the Home Secretary, only a small fraction of the income of the Welsh Church, that from certain ancient endowments totaling £157,000, would be lost.—On May 15 a bill for a **Scots Parliament,** promoted by the Scottish Liberal Party and aimed to give Scotland a separate legislature, reached the second reading but was not advanced to a third reading.—The bill introduced by Mr. Ponsonby to provide for the gradual termination of **hereditary titles** passed the first reading.—The **Plural Voting Bill** which was passed by the Commons but rejected by the Lords in 1913 (see RECORD for December, 1913, p. 732) was passed by the Commons on June 15, and again rejected by the Upper House.—The campaign of the **militant suffragettes** assumed an unprecedentedly serious character in an attempt on May 23 to blow up the viaduct which carries half of Glasgow's water supply from Loch Katrine. Shortly thereafter the police took possession of the office of the Women's Social and Political Union. On June 20, after giving audience to Sylvia Pankhurst, Mr. Asquith replied to a deputation of

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London working women in so sympathetic a vein that even the radical press regarded it as indicating a change of heart. Sidney Granville Drew, who published the *Suffragette*, a paper which called itself "The Official Organ of the Women's Social and Political Union," was sentenced to two months' imprisonment for having incited members of the Union to violence. Upon the outbreak of the war, truce was called by the militants, to which the government responded by remitting the sentences of all suffragettes imprisoned for militant activities.—The **labor situation** continued to be unsettled. In addition to a number of strikes of no great significance there were several of a serious character. A **building strike** involving 500,000 organized workers which began on May 1 was terminated on August 14 by an arbitration which while granting large concessions to the strikers failed to meet their chief demand, complete recognition of the union. At a conference of the National Union Railwaymen, the Transport Workers' Federation and the Miners' Federation, having a total membership, it was reported, of 1,350,000, a triple alliance was agreed upon as a reply to the efforts of the Employers' Defense Union to raise a $250,000,000 fund with which to fight strikes (see RECORD for December, 1913, p. 734).—**Strikes of public employees** also continued. Some 10,000 men employed at the Royal Arsenal, Woolwich, struck early in June on the question of non-union labor. The government announced on the 7th that it would appoint a board of inquiry and the men returned to work. About a week later, about 2000 of the 3000 employees of the Mersey Dock Board, which operates the docks of Liverpool, struck for the same reason. Attempts at peaceful intervention resulted in failure, and the Liverpool concerns were reported to be losing business to German firms. These strikes, together with a continuance of the agitation among postal employees for higher wages and certain provisions of a railways nationalization bill, introduced by prominent Liberals, evoked considerable discussion of the **right of public employees to organize.**—The **union of agricultural laborers** for shorter hours and higher wages, and in some places for the right to organize, spread over large areas of England and was generally successful. It was regarded as making more certain the enactment of the government's bill for a minimum wage for agricultural workers.—The declaration by the Liberal candidate for Parliament in the North-East Derbyshire by-election in favor of a **minimum wage act for railwaymen,** the principle of which was part of the Labor but not of the Liberal program, was regarded as reflecting a strong sentiment in the Liberal ranks.—Official statement of **trade unions during 1913** showed an increase of more than 21 per cent over the 1912 figure, the most striking increase being among the railwaymen (about 60 per cent); the total number of organized workers was about 4,000,000.—A thorough revision and probable extension of the whole field of **workmen's compensation** legislation was contemplated in the appointment of a parliamentary committee in June to inquire into the subject.—The decision of the government in favor of **participation in the European War** received the support of all parties in Parliament except the Independent

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Labor Party, which, in a manifesto issued by its central committee, urged its branches to take no action in aid of the recruiting measures of the government. Assurance of the loyal support of the Unionists was seen in the acceptance by Lord Kitchener of the War Secretaryship, temporarily held by Mr. Asquith (see last RECORD, p. 371). Within the Liberal party itself, however, a considerable section was opposed to the action of the government, and Lord Morley and John Burns resigned their places in the Cabinet to signify their disagreement. In the Labor party, too, a powerful dissent was expressed by its parliamentary chairman, J. Ramsay Macdonald, who resigned his leadership. Assurance that even those who deemed the declaration of war unjustified would be loyal to the government was, however, seen in Mr. Macdonald's acceptance of membership in one of the several committees organized to alleviate the hardships which would be entailed by the war upon the laboring population.—Supplies for the war was unanimously voted by the Commons on August 6, in a bill authorizing a **war credit** of $500,000,000.—The **recruiting of volunteers** for the army was at first reported to be slow, the reason being variously alleged to be a lack of patriotism, a lack of enthusiasm for the war, a too severe standard of physical requirement and an inadequate rate of pay and of provision for the families of recruits. A nation-wide campaign, of unprecedented variety and extent, to stimulate recruiting was apparently followed by a satisfactory response, and on September 11 the Prime Minister received authorization to continue the recruiting until the army should number 1,500,000 men. Following the resignations of Lord Morley and John Burns, Lord Beauchamp was made president of the Council and Mr. Runcinnan, president of the Board of Trade.

CANADA.—The appointment of Prince Alexander of Teck to succeed the Duke of Connaught as **governor-general** in October was announced in May (see also *supra*, p. 749) but shortly after the outbreak of the war, it was announced that the Duke would retain his post until the war was over. —Late in June, the Orders in Council of the government, directed against **Hindu immigration**, and prohibiting the entry of all artisans and laborers into British Columbia until March 31, (see last RECORD, p. 373), were attacked as unconstitutional before the Court of Appeal in a test case involving 500 Hindus. The case was the occasion of remarkable demonstrations in British Columbia of the strength of the public opinion hostile to the Hindus. The arguments of counsel for the Hindus that the Orders of Council were violative of the Immigration Act, and of general constitutional principles in that they applied solely to British Columbia and made exceptions required by treaty in favor of citizens of China, Japan and Uruguay, were not accepted by the court, and the Hindus were deported. Hope was expressed in official quarters that a satisfactory solution of the whole question would shortly be reached along the lines of the agreement with Japan limiting the number of emigrants per year from that country to Canada. The consummation of a similar treaty regarding **Chinese immigration** was also expected shortly.

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AUSTRALIA.—The expected **dissolution** of Parliament (see last RECORD, p. 374) took place in June upon the rejection by the Laborite majority in the Senate, for the second time, of the government's bills for postal voting and for the non-preferential treatment of trade unionists. Inasmuch as the rejection of these bills by the Senate had been certain, the deliberate dissolution of Parliament by means of their re-introduction was denounced by the Labor spokesmen as a violation of the spirit of the constitutional provisions regarding dissolution.—A further **constitutional issue** was raised by the refusal of the governor-general, Sir Ronald Munro-Ferguson, to accede to the request of the Senate for his correspondence with the ministry on the subject of the dissolution, on the ground that such action would make the ministers responsible to the Senate.—Sir Ian Hamilton, in his report on the commonwealth defence forces in May, recommended a complete reorganization of the Military Board, a pension scheme on Canadian lines, and more efficient musketry instruction.—The parliamentary elections resulted in a victory for the Labor party. Prime Minister Cook and his cabinet resigned and a new cabinet was formed by Andrew Fisher.

NEW ZEALAND.—The **parliamentary session** was opened on June 25.—A bill making the **Legislative Council** elective was introduced and its passage before the close of the session seemed likely, although its provisions could not be brought into operation until after the session of 1915.—The Minister of Marine on June 30 introduced a bill into the House designed to restrict the right of entry of Hindus and other Asiatics from countries within the Empire, to those only who could write an application of not less than 50 words in a European language.—The growth of the **trade** of the dominion during the year 1913–14 was shown by the export and import figures to be unusually great.

SOUTH AFRICA.—The failure of the government to take action upon the recommendations made in March by the Commission on Inquiry regarding the treatment of the **Hindus in Natal**, (see last RECORD, p. 375) caused great dissatisfaction among them, a committee being appointed by the South African Hindu Congress to seek the interposition of the imperial government (see *supra* p. 748).—The expected formation of a **new party** by the followers of General Herzog (see last RECORD p. 375) was effectuated in July. The party termed itself the National Party; its chief strength appeared to be in the Orange Free State.—Because of his disapproval of the decision of the government to send its forces against German Southwest Africa (see *supra* p. 736), Brigadier General Beyers, commandant general of all the Union forces, resigned his post on September 21. This was but the preliminary to a mutiny of Lieut. Col. Maritz, in command of the forces in the Northwest Cape Province, contiguous to German Southwest Africa, with virtually the whole of his command. Martial law was immediately declared and a force despatched against the insurgents, who were soon joined however by the celebrated Boer fighter DeWet and by General Beyers, operating in the northern portion of Orange Free State

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and the western portion of the Transvaal. By the end of October, the government announced the complete defeat of the Maritz insurgents; and the collapse of the DeWet-Beyers insurrection was alleged to be also imminent.—The failure of General **Hertzog** to respond to the demand of Prime Minister Botha, that he repudiate the allegations made by Colonel Maritz, that he was secretly in full sympathy with the insurrection, was declared to mark the end of his political career.

VI. CONTINENTAL EUROPE.

FRANCE.—The chief result of the **general elections** of which the second contests were held in May, was a large increase in the radical representation in the Chamber (the Socialists alone gaining 35 seats, giving them a total of 102 seats), bringing up to 266 the strength of the radical bloc, which favored the repeal of the three-year service law (see RECORD for December, 1913, p. 739) and the imposition of a heavy income tax. The government majority having thus dwindled down to so uncertain a quantity, Premier Doumergue on June 1, after having been in office less than six months, tendered his resignation without attempting to secure the support of the new Chamber. The cabinet resigned on the 3d and President Poincare experienced great difficulty in finding a political leader who would consent to form a cabinet. At the same time the President reiterated his intention of safeguarding the three-year service law despite any change in the ministry. M. Viviani's attempt to form a cabinet was thwarted by the uncompromising opposition of some of the Socialists and Socialist Radicals to the service law, and the same fate befell M. Ribot. A new face was suddenly put on the situation by the arrival of the French ambassador to St. Petersburg with a personal message from Nicholas II. The exact content of the message was not made public, but it was generally understood that the Tsar regarded the maintenance of the three-year service act as of supreme importance to the Franco-Russian Alliance. The almost immediate withdrawal by M. Augagneur, the leader of the extreme Socialist Radicals, of his opposition to the service act, and his acceptance of a portfolio in the newly-formed Viviani ministry were attributed to the Russian message. On June 15, M. Viviani received a vote of confidence by a majority of 223. —An echo of the electoral campaign was heard in the **trial of Mme. Caillaux**, wife of the former premier, for the admitted murder of M. Calmette (see last RECORD, p. 378). The defendant was acquitted, the fact that no woman had ever been convicted of murder in France having apparently had great weight with the jury.—An outburst occurred at the general **post-office** when it became known that the Senate had refused to grant the postmen's demands for increased lodging allowance, and a **strike** was called on June 23. The general postoffice was in a state of siege for some hours, and the mail remained untouched during that time. A truce was finally proclaimed, a conference of a deputation of postmen with M. Thomson, the minister of commerce, being arranged, and the postmen returned to

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work.—On August 26, due to the war, Premier Viviani announced the resignation of the ministry and the formation of a new cabinet to conduct the defense of the Republic. Within an hour the new cabinet was accepted, and all parties were coöperating in the work of the government during the crisis. The new ministry included Viviani who retained his post, Delcassé, Millerand, Briand and the Socialist anti-militarists, Jules Guesde and Marcel Sembat.—**Jean Jaures**, who steadfastly opposed the entrance of France into the war, refusing to become a member of the cabinet, and organizing a general protest strike, was assassinated on July 31 by a war fanatic.—On August 5, upon the convening of Parliament a bill was unanimously passed conferring **French nationality** on the natives of Alsace-Lorraine enlisting in the army.—On September 3 the **seat of the government** was moved temporarily from Paris to Bordeaux in anticipation of a possible siege.—The capture of Taza on May 8 by the French army in **Morocco** effected the union of the eastern and western spheres of occupation and was regarded as completing the effective occupation of the whole of the French zone.

ITALY AND THE HOLY SEE.—The discontent of the **railway employees** which in April had seemed to render a strike inevitable was mollified by the promise of Premier Salandra to raise the wages of the most poorly paid employees and to reform the pension system.—On Sunday, June 7, at an anarchistic demonstration at Ancona, the police in breaking up a parade led by Enrico Malatesta killed two persons and wounded several others. Serious rioting followed in Rome, Venice, Turin, Milan and Genoa, while pitched battles were fought with the gendarmes in Naples. More than 100 soldiers were wounded. Malatesta then sent word throughout the provinces that the king had fled and republics were to be established, and in a number of provinces provisional governments were set up. On the 8th a **general strike** was declared, and for the next two days, though the railroads continued to operate, economic life over the whole country was seriously disorganized. The government promised to punish the gendarmerie who were responsible for the Ancona outrage, and the strike was called off.—In the municipal elections of Rome the **alliance of the Clericals and Liberal Monarchists** headed by Prince Colonna was successful in defeating the Anti-Clericals and Socialists, whose leader was Ernesto Nathan, the former mayor of Rome.—On August 20 occurred the **death of Pope Pius X.** The Conclave of Cardinals met on the 31st, and after deliberating three days elected as pope, Cardinal Giocomo Della Chiesa, the archbishop of Bologna. He was crowned on September 6 as Benedict XV.—Upon the outbreak of the European war the regular troops serving in **Tripoli** were recalled and were replaced by a volunteer army, said to number 200,000. It was alleged by some that the policy of the government had been dictated not so much by military considerations as by the desire to remove to a safe distance large numbers of unemployed workmen who threatened trouble at home.—Differences in opinion among the

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members of the cabinet, alleged to have arisen out of the ever-increasing **deficit** which the mobilization of the army and its maintenance on a war footing were producing, resulted in the resignation, on October 11, of the minister of war, General Grandi, and several other ministers. No apparent change in the government's policy resulted, however.—The death, a few days later, of Marquis di San Giuliano, the minister of foreign affairs, removed from the cabinet its most determined supporter of the policy of neutrality.

RUSSIA.—The repressive policy of the government toward the working class, manifesting itself particularly in the suppression of labor papers, the dissolution of labor unions and the forcible breaking-up of strikes, resulted in June and July in a number of **general strikes**, accompanied by revolutionary demonstrations. Following the suppression by the military of a strike for better conditions among the laborers in the Baku oil fields, the protest strikes assumed in July 21–25 such large proportions and effected in some cities, notably in St. Petersburg, so complete a stoppage of industry as to convince some observers of the imminence of a revolutionary outbreak.—The release in July of the Finnish magistrates arrested in October for refusing to enforce the laws extending the rights of Russians resident in Finland (see RECORD of December, 1913, p. 743) was the occasion of large **anti-Russian demonstrations in Finland**, which were suppressed by the military.—Following the initiation by the government of proceedings against Deputy Tchkheidze because of a radical speech delivered by him in the Duma, that body in July passed a bill designed to secure complete **immunity to deputies** for words spoken in the Chamber. On August 15, shortly before the development of the Russian campaign against Germany, the Tsar issued a proclamation, signed also by all the Grand Dukes, promising complete **autonomy to Poland** as soon as the war should be over, including in the promise also German and Austrian Poland, should they be conquered by Russia. On the same day the Grand Duke Nicholas, commander-in-chief of the Russian armies, issued a proclamation to his men characterizing the war as a struggle of the Slavs in defense of their racial existence, and commanding them therefore not to harm any Slav, even though he were a German or Austrian subject.—A liberalization if not a complete removal of all **restrictions upon Jews** was also promised by the Tsar, and the rule excluding Jews from being officers in the army was abandoned, numerous promotions of Jews immediately following. The promises of the Tsar to the Jews were declared in British official circles to be sincere, and Mr. Zangwill, the noted English Zionist leader, urged the Jews to place faith in them.—The name of St. Petersburg, being of German origin, was changed on September 1 to **Petrograd**.

GERMANY—In the first session of the **Reichstag**, opened on May 4, alleged instances of maltreatment of soldiers by their officers, brought up by the Social Democrats occasioned a lengthy and searching discussion of many phases of **army practice**, and particularly of the exclusion of Jews

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from positions as officers by the military authorities.—Despite the support it received from virtually all parties in the Reichstag except the Center, the bill aimed to increase the salaries of large groups of **minor civil employees** was rejected by the government.—An unsuccessful attempt was made by the Social Democrats to secure the interposition of the Reichstag on behalf of the movement for a revision of the old **constitution of Mecklenburg**—The hope of **Prussian electoral reform** was again disappointed by the announcement in June by the new prime minister, von Luebell, that he did not consider the time yet ripe for such reform.—A **constitutional crisis in Saxe-Coburg-Gotha**, arising out of the prince's refusal to accede to the request of the ministry supported by almost overwhelming popular sentiment for larger public rights in the royal forests, was deemed to point to an impending liberalization of the constitutions of the minor German states.—On May 20 on the prorogation of the Reichstag, the Social Democrats departed from their usual practice of leaving the chamber at the formal cheer for the Kaiser, remaining seated instead.—The **declaration of war** by the government received apparently the support of all parties, even the **Social Democrats** in the Reichstag, or a majority of them, lending their support to the government. The strict censorship imposed by the government, and the interruption of trans-Atlantic communication with Germany immediately upon the outbreak of the war made difficult however any complete understanding of the Social-Democratic position.—On August 11, the Reichstag without discussion authorized a **loan** of $1,250,000,000, and the expenditure of the total proceeds thereof, as well as of $75,000,000 of the bullion in the treasury. The provisions for the redemption in coin on demand of the notes of the Imperial Bank were suspended, as were also the chief restrictions upon note issue by the Bank, while at the same time the notes were made legal tender. The loan was floated with great success. To facilitate the operation of industries which had been disorganized by the calling of their employees to the colors, the chief legal restrictions as to hours of labor and ages of employees were suspended.

BALKAN STATES—In **Albania**, in spite of an agreement, known as the Corfu Convention made in May by the new Mpret, William of Wied, and the Epirote insurgents (see last RECORD, p. 349) by which Albanian Epirus was to receive in July a large measure of local autonomy, the government was still unequal to the task of subduing the various other bands of insurgents, in the north chiefly Albanian, and in the south, Turkish. The action of the Mpret in deporting his minister of war, Essad Pasha, a distinguished Turkish soldier, for alleged treasonable activities served only still further to disaffect the Turkish element of the population; while the continued helplessness of the government made even the Epirotes unwilling, as the time for the enforcement of the Corfu Convention approached, to ally themselves with the Mpret. Upon the outbreak of the European war the Mpret abdicated his office, leaving for Germany to join the army there. The administration of Durrazzo was thereupon taken over by the Interna-

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tional Commission of Control (see RECORD of December 1913, p. 709) while Avlona was occupied by an Italian expedition. In the interior, however, a condition of anarchy continued to prevail.—In **Servia**, the members opposed to the Radical cabinet, constituting almost half of the Skupshtina, denied its right to hold office by so small a majority, and, by continually absenting itself from the session of the Skupshtina, compelled its dissolution on June 15, and the ordering of a general election. Before the dissolution, however, a credit of nearly $25,000,000 was granted the government for a renewal of armaments. By a concordat between the government and the Holy See, the Austrian protectorate over Roman Catholics in Servia was terminated and an independent Servian archbishopric established at Belgrade.—The assassination at Sarajevo (see *supra*, p. 730) was followed by serious riots between the Orthodox Serbs, of whom the assassin was one, and the Roman Catholic Croats and Moslem Bosniaks.—The neutrality of **Rumania** in the European struggle was believed to be endangered by the death on October 10 of King Charles, whose German sympathies alone, it was alleged, had prevented his people from throwing in their lot with the Allies in the hope of recovering from Austria-Hungary the provinces of Transylvania and Bukowina. Ferdinand, nephew of Charles, became king on October 11.

OTHER EUROPEAN STATES—The continued obstruction by the Landsthing of the passage of the bill for the reform of the constitution of **Denmark** (see RECORD of May 1913, p. 380), was terminated by the dissolution of that body on June 9 by King Christian, and the election of sufficient government members to ensure the passage of the bill. In addition to a reduction of the minimum voting age from 30 to 25, and the extension of full political rights to women, the bill provided for sweeping changes in the basis of elections to the Landsthing in the direction of greater popular control.—In October, the government of **Portugal** despatched to its African possessions two expeditionary forces, numbering 11,000 men, for defensive purposes.—In the elections in **Sweden** late in April, the Liberals lost 31 seats, 22 of which fell to the Conservatives and 9 to the Socialists.—As the German army occupied **Belgium**, (see *supra*, p. 734) the seat of government was removed successively to Antwerp, to Ostend, and finally to Havre, France. The numbers of the civil population fleeing to France, Holland, and England were estimated at over two million ; while those that remained were reported, in the latter part of October, to be on the verge of starvation, owing to the destruction or consumption of all stores, and the impossibility, for both military and financial reasons, of replenishing the supply by importation. The commandeering of all farm animals by the Germans for military purposes, morever, made virtually impossible the resumption of agriculture.

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VII. ASIA AND AFRICA

CHINA.—On the publication on May 1 of the terms of the **new constitution** (see last RECORD, p. 384) it was seen to confer upon the president even greater powers than had been anticipated. He was specifically authorized to declare war and conclude peace, while his power over the budget and finance were limited only by the concurrence of a legislature, of which the upper house, or Council of State, was to be nominated by the president, and the lower house, or Chamber, was to be chosen partly by a system of indirect election and nomination which virtually precluded all popular influence, and partly by appointment by the president and the provincial governors; the convocation and dissolution of this legislature was, moreover, placed entirely in the hands of the president; the office of premier was abolished.—On June 20, the **Council of State** was inaugurated with great pomp.—It was reported that in May a systematic restoration of the officials of the **Manchu regime** to their former places was being carried out; and this was in part admitted by the administration, which declared, however, that no return to the practices of the old régime was contemplated.—The depredations of large **bandit armies** continued, that of "White Wolf" (see last RECORD, p. 384) devastating, in May and June, large areas in the provinces of Shensi and Kansu and looting several cities. Several times, the capture of "White Wolf" was reported, but apparently incorrectly.—**Mutiny** in the army accompanied by looting and outrage manifested itself in Chili and Shansi and was only partially suppressed by the government.—The state of confusion ensuing from the impotence of the government was taken advantage of by many exiled **revolutionists** to return to their former centers of activity, and in August the government appealed to the foreign legations to prevent enemies of the government from taking refuge in foreign settlements.—In October it was rumored, moreover, that the government was again in financial straits, the proceeds of the five-power loan being nearly exhausted.—The continuance of **normal economic life** over large areas of the country in spite of political disorders was evidenced by the apparent eagerness of foreign capitalists to finance new railway construction (see *supra*, p. 727) and by the rapid prosecution by the government of domestic railway projects.

JAPAN.—Following court proceedings against the naval officers and others accused of **corruption** in the purchase of naval supplies (see last RECORD, p. 383), Admirals Yamamoto and Saito were placed on the reserve list, because of alleged negligence, while Vice Admiral Matsumoto and Captain Swasaki, the officers directly implicated, were sentenced to prison terms.—An unexpected strike of **oil** in the Nippon Oil Company's fields in the Akita district, gave promise of so enormous a yield as to make probable the change of the country from an oil-importing to an oil-exporting basis, and the complete independence of the military and naval organization of foreign sources of supply.—The decision of the government in favor

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of **participation in the European War**, was reported to have been received with great popular enthusiasm; on September 7 a **war credit** of $26,500,000 was voted by the Diet.

PERSIA—The complete **financial collapse** of the government in June was avoided only by the advance, by Great Britain, of $250,000, to be secured by the customs and to be applied in part to the full payment of the gendarmerie.—In a number of districts no steps were taken to carry out the instructions of the government for the holding of **elections** to the Mejliss, and in many other districts there were irregularities. Shortly before the **coronation** of the new Shah, however, on July 21, a quorum for the Mejliss was obtained.

[For colonies and dependencies in Africa and Asia, see the United States, the British Empire and the Continental European states, *supra*.]

E. M. SAIT,
LEWIS MAYERS.

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